# DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2005

**TUESDAY, MARCH 23, 2004**

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.*

The subcommittee met at 10 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Stevens, Domenici, Byrd, Inouye, and Murray.

Also present: Senator Reid.

## DEPARTMENT OF HOMELAND SECURITY

**STATEMENTS OF:**

**HON. ADMIRAL THOMAS H. COLLINS, COMMANDANT, UNITED STATES COAST GUARD**

**ADMIRAL DAVID M. STONE, ACTING ADMINISTRATOR, TRANSPORTATION SECURITY ADMINISTRATION**

### OPENING STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. The committee hearing will please come to order.

Today, we continue our review of the President's fiscal year 2005 budget request for the Department of Homeland Security, specifically, the programs and activities of the United States Coast Guard and the Transportation Security Administration. I am pleased to welcome to the hearing the Commandant of the United States Coast Guard, Admiral Thomas Collins, and the Acting Administrator of the Transportation Security Administration, Admiral David Stone.

We appreciate you submitting copies of your statements in advance of the hearing. They will be made a part of the record, and we invite you to make any comments you think would be helpful to the Committee's understanding of the budget request.

I am happy to yield to Senator Inouye and other Senators who may wish to make any opening statements.

### STATEMENT OF SENATOR DANIEL K. INOUYE

Senator INOUYE. Thank you very much, Mr. Chairman.

I look forward to the hearing today. I represent a state that relies more than any other state on the two agencies represented this morning. As an island state, we have a unique relationship with the Coast Guard. We enjoy the ocean year-round for recreation and

commercial fishing, and rely on it for transportation of more than 90 percent of our goods. And in Hawaii, we have a great appreciation for the search and rescue, navigation, fisheries management, and the environmental protection mission of the Coast Guard.

Aviation is also a lifeline for my state. Our tourism-based economy is dependent on reliable and safe transportation of passengers to and from our shores. So I am so committed to working with both of these agencies to ensure that there are resources necessary to improve upon their performance, and help keep our traveling public and our transportation system safe, so I welcome the testimony of these two gentlemen.

Senator COCHRAN. Admiral Collins, you may proceed.

STATEMENT OF ADMIRAL THOMAS H. COLLINS

Admiral COLLINS. Good morning, Mr. Chairman, Senator Inouye. It is a privilege to be with you. Thank you for the opportunity to discuss the fiscal year 2005 budget request and the impact on the essential services we provide to the American public.

The 2005 budget proposes a budget authority of $7.46 billion, a 9 percent increase over fiscal year 2004. I am pleased to note that from fiscal years 2003 to 2005, our operating expense budget has grown over 51 percent. This growth supports the President's National Security Strategy for Homeland Security, and it supports the full range of Coast Guard missions.

HIGHLIGHTS OF SERVICE TO THE NATION OVER THE PAST MONTH

From my perspective, this budget growth is more than justified. We continue to apply our budget both effectively and efficiently, and often achieve extraordinary operational outcomes for the American people. I have been a part of the Coast Guard for 40 years now, and I continue to be amazed at the performance of our men and women every day. In fact, our operations just over the past month paint a clear and vivid picture of the scope and the national importance of the services we provide to the American public.

We responded to the distress calls from the burning and sinking ship/tanker, Bow Mariner, just this month, 50 miles off shore. Our rescue swimmer deployed in 44-degree, oil-covered water to save six crewmen.

Our search and rescue response capability was sustained, even though eighteen cutters, eight aircraft, and almost fourteen-hundred personnel deployed between the coast of Haiti and South Florida this month. And as conditions deteriorated in Haiti, Coast Guard cutters intercepted over a thousand Haitians, and safely repatriated them, thus fulfilling our President's mandate to repatriate Haitian migrants and present a deterrent to mass migration.

This week, the Coast Guard cutter, Midget, on patrol in the Eastern Pacific, returning home to Puget Sound after this month seizing over 27,000 pounds of cocaine in three boardings, setting a record for the most cocaine seized by a cutter on a single patrol.

Today, four 1410-foot cutters, two port security units, and 477 people are currently providing critical support to operations in Iraq. And today, we have two polar ice breakers returning home after the most successful resupply of McMurdo Station in recent years. We were successful in implementing the requirements for

the Maritime Transportation Security Act of 2002 and will be ready to commence aggressive compliance oversight on July 1.

These are just the highlights of our service to the Nation over this past month. The 2005 budget request provides the resources necessary for the Coast Guard to continue this high level of service to the American public. We have four priorities embedded in this budget.

FOUR PRIORITIES EMBEDDED IN THE BUDGET REQUEST

First, is to recapitalize our operational assets. Our greatest threat to mission performance continues to be that our aircraft, our boats, and cutters are aging, technologically obsolete, and require replacement and modernization. The integrated Deepwater system, or Deepwater, is the answer to these concerns.

My second priority is to ensure consistent performance across all missions by ensuring the right force structure and the right set of capabilities. The 2005 budget adds capability and capacity to enable across-the-board mission performance, including operational funding for additional eleven patrol boats, these 87-foot patrol boats, and the transfer of five 179-foot PC patrol boats from the Navy, and overall, adding over 1,300 people to our workforce in 2005.

My third priority is to aggressively implement the comprehensive requirements of the Maritime Transportation Security Act of 2002. Over $100 million and 791 new personnel support this critical security initiative.

My fourth priority reflected in the 2005 budget is to expand what we have been calling Maritime Domain Awareness. Expanding awareness of activities occurring in the maritime domain is critical to enhancing our performance across all mission areas. And we must identify and understand threats, disseminate timely information to our operational commanders and our homeland security partners in order to respond to terrorist attacks, drug smuggling, illegal migration, and so forth.

Of course, the Coast Guard people make our operational excellence possible, and the successful operational tempo demonstrated over the last month is testimony to the skill and commitment of our personnel. They routinely put service to our Nation above all else, and they are my highest priority. And this budget request improves the quality of life of Coast Guard men and women, by providing a pay raise, and improving basic allowance for housing.

Most importantly, through Deepwater, through Rescue 21, and other modernization efforts, our Coast Guard people will be provided with the quality equipment they deserve to do their job.

PREPARED STATEMENT

Mr. Chairman, thank you for the opportunity to testify today, and I will be pleased to answer any questions that you may have.

Senator COCHRAN. Thank you very much, Admiral Collins.

[The statement follows:]

PREPARED STATEMENT OF ADMIRAL THOMAS H. COLLINS

Introduction Good morning, Mr. Chairman and distinguished members of the Subcommittee. It is a pleasure to appear before you today to discuss the Coast Guard's

fiscal year 2005 budget request, and its critical importance in your Coast Guard being able to deliver essential daily services to the American public.

The Coast Guard's fiscal year 2005 budget proposes budget authority of $7.46 billion, a 9 percent increase over fiscal year 2004, and continues our effort to enhance capability and competencies to perform both safety and security missions. It supports the goals of the President's National Strategy for Homeland Security to prevent terrorist attacks, reduce our vulnerabilities, and minimize damage from attacks that do occur.

Before I discuss our fiscal year 2005 budget, I would like to take a few moments to discuss some of our accomplishments during the past year. You deserve a quick report on how we have used the resources this Subcommittee has provided us in the past and I am proud of the results that Coast Guard men and women continue to deliver for the country. During fiscal year 2003, the Coast Guard:

—Interdicted over 6,000 undocumented migrants attempting to illegally enter the country by sea.

—Prevented more than 136,800 pounds of cocaine, over 14,000 pounds of marijuana and more than 800 pounds of hashish from reaching U.S. shores.

—Aggressively conducted more than 36,000 port security patrols, including 3,600 air patrols, 8,000 security boardings and over 7,000 vessel escorts.

—Deployed the largest contingent of Coast Guard personnel overseas since the Vietnam War to support Operation Iraqi Freedom, including 11 cutters, two shoreside support units, and over 1,200 personnel.

—Saved the lives of nearly 5,100 mariners in distress and responded to more than 31,500 calls for assistance.

—Boarded more than 3,400 fishing vessels to enforce safety, environmental and economic laws.

—Mobilized 64 percent of our reserve force to enhance protection of our ports, waterways and critical infrastructure during heightened states of alert, and to support the Combatant Commanders.

—Kept critical shipping channels clear of ice in the Great Lakes and New England ensuring the availability of critical energy products.

—Maintained more than 50,000 Federal aids to navigation along 25,000 miles of maritime transportation highways.

—Responded to over 19,000 reports of water pollution or hazardous material releases.

—Completed the most difficult re-supply of McMurdo Station (Antarctica) during Operation Deep Freeze in 40 years. USCGC Polar Sea and USCGC Healy smashed through 50 miles of ice more than 13-feet thick to enable U.S. scientists to continue their studies of the Earth's climate.

In addition, we have become a proud member of the Department of Homeland Security that consolidated 22 agencies and nearly 180,000 employees. We are committed to working with our partner agencies as one team engaged in one fight, and I truly believe having one Department responsible for homeland security has made America more secure today. An example of this one team-one fight motto is very evident in the developing events in Haiti. Under the direction of the Secretary of Homeland Security, the Homeland Security Task Force—Southeast was stood-up as part of OPERATION ABLE SENTRY. Led by Coast Guard Rear Admiral Harvey Johnson, the task force is comprised of many agencies chartered to plan, prepare, and conduct migrant interdiction operations in the vicinity of Haiti due to the escalation of violence in that country and the threat of a mass exodus of undocumented migrants. In the first days of interdiction operations, the task force demonstrated impressive agility and synergy:

—Coast Guard cutters, with Citizenship and Immigration Service (CIS) asylum pre screening officers and interpreters aboard, interdicted seven Haitian vessels with 1,076 undocumented migrants,

—Coast Guard and Immigration and Customs Enforcement (ICE) aircraft patrolled the skies throughout the operating area,

—Coast Guard, ICE, and Customs and Border Protection (CBP) boats conducted coordinated patrols off the Florida coast,

—Coast Guard and ICE conducted a coordinated boarding of a boat suspected of being highjacked off the coast of Miami,

—Coast Guard, CBP, ICE, and the Transportation Security Administration command center, public affairs, and intelligence staffs fully engaged,

—Federal Emergency Management Agency (FEMA) deployed three Information and Planning Specialists to the task force in support of contingency planning.

In addition, we have begun aggressively implementing the Maritime Transportation Security Act thanks in large part to a herculean inter-agency effort. Final Rules were published in October 2003 and security plans from approximately 9,000

vessels and 3,200 facilities were due on December 31, 2003. To date, approximately 97 percent have been received. We will continue to aggressively pursue 100 percent compliance, and have instituted a phased implementation of penalties to ensure that all regulated facilities have implemented approved security plans by the 1 July 2004 deadline. We completed eleven port security assessments, and have established 43 Area Maritime Security Committees to provide enhanced planning, communication and response for our nation's ports. We have met with nearly sixty countries representing the vast majority of all shippers to the United States., reinforcing a commitment to the International Ship and Port Facilities Security (ISPS) code. We have commissioned additional Maritime Safety and Security Teams (MSSTs) and plan to have 13 teams by the end of CY 2004. We are installing an Automatic Identification System (AIS) network in nine coastal locations that have Vessel Traffic Services improving our awareness of the maritime domain, and are simultaneously designing a nationwide system.

*The Need to Sustain Growth in fiscal year 2005*

Despite these accomplishments, there is still much to do. The last few weeks paint a clear and vivid picture of the breadth, scope and national importance of all Coast Guard missions. Rescue personnel from our mid-Atlantic units responded to the distress call from the burning and sinking Singaporean tanker Bow Mariner, and six crewmen were saved from 44-degree water. A Coast Guard cutter seized the entire catch from a fishing vessel off the New England coast for having twice the legal limit of lobster on board and more importantly having female egg bearing lobsters that a biologist indicated had been scrubbed of eggs. Our search and rescue and living marine resource response capability was sustained even as 15 cutters, 6 aircraft, and approximately 1,550 personnel deployed south positioning from the coast of Haiti to the approaches to South Florida as part of Homeland Security Task Force-Southeast, and interdicted 1,075 Haitian migrants. Simultaneously, we have four Patrol Boats, two Port Security Units, and 377 personnel deployed in support of operations in Iraq. As you can see, demand for Coast Guard resources continue to expand, while our ships and aircraft continue to age. The Coast Guard is the nation's lead Federal agency for maritime homeland security and marine safety. Critical new resources are required to establish a new level of maritime security while continuing to perform the full range of Coast Guard missions.

The budget requests resources that are necessary for the Coast Guard to fulfill its responsibilities to the American public. For fiscal year 2005, my priorities are:

—Recapitalize operational assets;
—Enhance performance across all missions by leveraging Coast Guard authorities, capabilities, competencies and partnerships;
—Aggressively implement the comprehensive requirements of MTSA; and
—Expand awareness of activities occurring in the maritime domain.

*Recapitalize Operational Assets*

The Coast Guard's greatest threat to mission performance continues to be that our aircraft, boats and cutters are aging, technologically obsolete, and require replacement and modernization. The majority of these assets will reach the end of their service life by 2008, and have increasing operating and maintenance costs, which results in lost mission performance, mission effectiveness, unnecessary risks, and wear and tear on people. These assets are failing at an alarming rate. Recent asset failures and their subsequent impact on operational readiness exemplify the downward readiness spiral created by increasingly aging capital assets coupled with a more demanding operational tempo. Frankly, the existing system is failing in numerous areas and I am concerned that we are reaching a "declining readiness spiral" phenomenon. Deferred modernization results in reduced patrols and readiness, corresponding increased maintenance needs and higher total ownership costs. Recapitalization funds are then needed to keep old assets operating, which only defers modernization starting this declining cycle over again. The Coast Guard is faced with trading asset modernization funding toward legacy asset maintenance and capability to address immediate safety and reliability concerns. Some examples of why I am so concerned:

—*HH–65 Helicopter engine system casualties.*—In-flight engine partial power losses occurred at a rate of 63 per 100,000 flight hours in fiscal year 2003, and is significantly higher so far in fiscal year 2004. This rate far exceeds the FAA standard of one per 100,000 hours and the U.S. Navy Safety Center guidelines of no more than 10 mishaps per 100,000 flight hours. HH–65 helicopters are critical to Coast Guard operations including ongoing efforts off the coast of Haiti.

—*110-foot Patrol Boats.*—To date, 20 hull breaches requiring emergency dry docks. One cutter required emergency dry dock for hull breach only 14 weeks after a 10-month hull renewal project that had cost $2 million. The 110-foot fleet is the high-speed workhorse during migrant interdiction operations such as the ongoing events in the vicinity of Haiti, and has repatriated 927 Haitian migrants thus far.

—*378-foot High Endurance Cutter.*—3 out of total class of 12 ships have recently missed operations due to unscheduled maintenance to failing sub-systems. A 378-foot cutter is currently serving as the on-scene command ship for Haitian operations.

All three of these asset classes (HH–65, 110, 378) are currently supporting the Coast Guard missions such as migrant and drug interdiction operations, ports waterways and coastal security, fisheries enforcement, and search and rescue, and the Coast Guard continues to be successful in spite of casualties and readiness levels. This success comes through the extraordinary efforts of Coast Guard personnel, and I'm concerned about our ability to continue this performance in the future. Cocaine seizures to date in fiscal year 2004 total 38.9 metric tons, nearly double last year's pace which yielded the second highest seizure total ever (62.1 metric tons). The threat of a mass migration from Haiti, coupled with the flow of illegal drugs and undocumented migrants from other countries towards the United States, highlights the value that the U.S. Coast Guard provides our nation.

The Integrated Deepwater System (IDS) is the answer to these concerns and entails far more than the progressive replacement of our aging inventory. IDS is an integrated systems approach to upgrading existing legacy assets through a completely integrated and interoperable system. All of Deepwater's highly capable assets will be linked with modern command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) architecture. The ability to link and network disparate platforms seamlessly over vast distances is an essential aspect to providing the Coast Guard the capability to detect and interdict potential threats prior to reaching our shores and ports. Deepwater assets are America's first line of defense to counter threats in the maritime domain, and thwart catastrophes to vulnerable infrastructure (oil rigs, deepwater channels, shipping). Funding for the Deepwater program is a critical investment in homeland safety and security and means a more secure United States of America.

The Coast Guard's deepwater assets are not the only capital assets that desperately need replacement. The fiscal year 2005 budget also requests resources for:

—Rescue 21 project, which will be the primary command and control system to perform the functional tasks of detection, classification, and command and control in the inland and coastal zones for Search and Rescue. The existing National Distress System is inadequate to meet the safety requirements of growing marine traffic, and is not capable of meeting the requirements of the International Convention for the Safety of Life at Sea (SOLAS) treaty. Rescue 21 will expand existing capability through greater area coverage, and improved direction finding capability to enhance Coast Guard emergency response;

—Great Lakes Icebreaker, which is scheduled to replace USCGC MACKINAW in 2006 after 57 years of continuous service;

—Response Boat—Medium, which will replace the aging 41-foot Utility Boat, and will meet mission requirements for search and rescue, and emerging homeland security missions.

*Enhance Mission Performance*

To enhance mission performance the Coast Guard must optimize its unique authorities, capability, competency, and partnerships; while gaining the capacity in each to complete our full range of missions. Due to the Coast Guard's multi-mission nature, resources provided will assist in the performance of all missions. New assets will be used to conduct fishery patrols and search and rescue cases as well as protect the Nation against terrorist attacks.

Fiscal year 2005 budget initiatives that add capacity to enable mission performance include:

—Operational funding for eleven 87-foot Coastal Patrol boats built in 2004;

—Operational funding for five 179-foot Patrol Coastals being transferred to the Coast Guard from the Navy;

—Safety configuration changes to the 47-foot Motor Life Boat, which will allow crews to safely conduct missions in deteriorating weather conditions.

*Aggressively Implement the Maritime Transportation Security Act of 2002*

During the past year, the Coast Guard led the international maritime community in adopting a new international security regime requiring vessels and port facilities

to develop security plans. This effort paralleled the requirements this committee helped establish through enactment of the Maritime Transportation Security Act (MTSA) of 2002. These regulations require that United States ports, vessels, and facilities each have a plan to protect against terrorist attacks. Aggressive implementation of MTSA is essential if we are to maintain the security of our ports and waterways at acceptable levels. To implement and enforce these regulations, the Coast Guard has a recurring requirement to develop, review, approve, and ensure vessels and facilities are sustaining their own security responsibilities for all aspects of maritime security. Approximately 97 percent of required vessel and facilities have turned in security plans to date. We are issuing notices of violation to the 10 percent that missed the deadline, are starting the process of approving security plans, and have commenced training of Coast Guard personnel to complete on-site verification. Providing the Coast Guard with the resources necessary to undertake this implementation and enforcement effort is a key step toward enhanced port, vessel and facility security.

*Maritime Domain Awareness*

Expanding awareness of activities occurring in the maritime domain is critical to enhancing Coast Guard performance in all mission areas. The U.S maritime jurisdiction is enormous, covering some 3.5 million square miles of ocean and 95,000 miles of coastline. In addition, the Coast Guard projects a defense-in-depth presence in other areas such as the Caribbean and eastern Pacific to deter, detect, and interdict drug and migrant smugglers. The Coast Guard operates at times and in places no United States forces operate. The ongoing events off the coast of Haiti highlight the need for a robust maritime domain awareness capability. The Coast Guard has minimal capability to monitor the activities occurring within this maritime zone without the presence of a cutter or aircraft. We must identify and understand threats, and disseminate timely information to our operational commanders and our homeland security partners in order to respond to emerging threats such as terrorist attacks, drug smuggling, illegal migration, location of distressed boaters, or illegal fishing before they reach our borders. An intelligence and warning system that detects indicators of potential terrorist activity before an attack occurs is necessary to take preemptive and protective action. We are currently installing Automatic Identification System (AIS) in our Vessel Traffic Service (VTS) ports, and are formalizing the operational requirements to award a contract for installation of a nationwide AIS network. $4 million is requested in fiscal year 2005 to continue this important project. This budget submission also includes 35 people to integrate all of our projects that provide maritime domain awareness (MDA), including AIS, Deepwater and Rescue 21, and these people will partner with the other Department of Homeland Security agencies, the Navy, and other entities to unite our joint efforts.

*Conclusion*

Thank you for your support in the fiscal year 2004 Emergency Supplemental. Funding is ensuring Coast Guard forces remaining in Iraq are properly resourced for the rest of fiscal year 2004.

None of what the Coast Guard has accomplished or is striving to achieve is possible without our people—the bedrock of our service. They routinely put their service above all else and I am convinced of their unwavering dedication to the security of this Nation and the safety of its citizens. They are our highest priority and most valuable resource.

The Coast Guard's fiscal year 2005 budget request improves the quality of life for Coast Guard men and women and their families by providing a pay raise, and continuing improvements in Basic Allowance for Housing (BAH) reducing out-of-pocket expenses from 3.5 percent to zero, and gives them the equipment and assets that will allow them to best contribute their time and talents to the safety and security of our nation.

I have asked every member of the Coast Guard to continue to focus intently and act boldly on the three elements of my direction: improve Readiness; practice good Stewardship; and enhance the growth, development and well being of our People. With this diligence we will fulfill our operational commitment to America and maintain our high standards of excellence.

I look forward to working with you to that end.

Thank you for the opportunity to testify before you today. I will be happy to answer any questions you may have.

Senator COCHRAN. Admiral Stone, you may proceed with your opening statement.

STATEMENT OF ADMIRAL DAVID M. STONE

Admiral STONE. Thank you, sir.

Good morning, Mr. Chairman, Senator Byrd, and members of the Subcommittee. I am honored to appear before you this morning to discuss the President's fiscal year 2005 budget request for the Transportation Security Administration.

First, I would like to take a moment to comment on the tragic bombings in Madrid and Moscow. We are closely examining these events so we may deter and prevent similar attacks in the United States. Over the last 2 years, the Department of Homeland Security has worked with Federal and State counterparts to bolster the security of rail and mass transit systems, conducting criticality assessments, coordinating information sharing, and improving training.

Building on this foundation, yesterday, Secretary Ridge announced additional measures to further strengthen our rail and transit systems. We will develop a rapid-deployment mass transit canine program and continue to partner with local authorities to provide additional training and assistance for local canine teams.

TSA will implement a pilot program to test the feasibility of screening luggage and carry-on bags to detect explosives at rail stations and aboard trains. Working with the Department, we will engage industry, and State and local partners to establish baseline security measures based on best practices, and we will expand security education and awareness programs. Security technologies will be examined for their potential application in the intermodal environment.

FISCAL YEAR 2005 BUDGET REQUEST

Turning to the President's budget proposal for fiscal year 2005, the $5.3 billion that is requested for TSA is $892 million more than the fiscal year 2004 level. The significant portion of this funding would support and improve passenger and baggage screening operations at the Nation's airports, including $145 million to fully implement screening and training programs, and $86 million to provide technological support at passenger checkpoints.

TSA is right sizing and stabilizing screening operations, investing more hiring authority with our Federal Security Directors to provide more flexibility in addressing staffing needs. Local hiring, local testing, and local training will be the keys to our future.

We are assessing the expansion of contract screening; and to help us make these decisions, a thorough evaluation of the five private pilot programs is currently under way, with the results expected in April of this year.

TSA's Federal Flight Deck Officer Program adds another important layer to our rings of aviation security. We are seeking $25 million to support and expand training for pilots who are volunteering to carry firearms to defend aircraft flight decks. In January, TSA began doubling the number of FFDO classes, and we plan to provide initial training and qualifications for thousands of FFDOs by the end of this fiscal year. We expect to conduct our first cargo FFDO prototype program next month.

A total of $60 million is requested for the second-generation Computer-Assisted Passenger Pre-Screening System, CAPPS II, in fiscal year 2005. Developed with the utmost concern for individual privacy rights, there is a pressing need to move forward with testing of CAPPS II. The current passenger pre-screening system operated by air carriers is clearly not adequate to address the asymmetric threats that confront us on a daily basis.

To deny targets the opportunity to exploit our thriving air cargo system, TSA has developed an air cargo strategic plan within the $85 million requested for air cargo screening in fiscal year 2005. TSA is requesting $55 million for an aggressive R&D program to investigate technologies that will improve our ability to screen high-risk air cargo.

PREPARED STATEMENT

In closing, I would like to thank you, Mr. Chairman, for your support, and that of the Subcommittee members. I look forward to answering your questions today.

Senator COCHRAN. Thank you very much, Admiral Stone.

[The statement follows:]

PREPARED STATEMENT OF OF DAVID M. STONE

I am pleased to testify before the Subcommittee on the President's fiscal year 2005 budget request for the Transportation Security Administration (TSA). TSA's mission, to protect the Nation's transportation systems to ensure the freedom of movement for people and commerce, is completely aligned with the mission of the Department of Homeland Security (DHS), and our objectives fully support the Department's strategic goals.

The tragic bombings of March 11 in Madrid, Spain, are a great concern to us all. Before I discuss the President's fiscal year 2005 budget request for TSA, I want to assure the Subcommittee that DHS is supporting the investigation into the attacks with our international partners and monitoring the investigation to learn more about how these terrible attacks transpired. Although we have no specific indicators that terrorist groups are planning such attacks in the United States, DHS has reached out to state and local security, law enforcement, and transit and rail officials to ensure vigilance in light of these incidents.

I want to assure you that DHS is devoting significant attention and resources on rail security across the Federal Government. Between fiscal year 2003 and this year, DHS will have provided $115 million to high-risk transit systems through the Urban Area Security Initiative (UASI) in the Office for Domestic Preparedness. The Budget proposes to double our total commitment to UASI, to $1.4 billion in fiscal year 2005. Our partners in the Department of Transportation (DOT) stepped up inspection of rail lines and security requirements, and DOT is also assisting Amtrak implement improved security measures. Under the Budget, the Federal Transit Administration (FTA) will award nearly $4 billion in grants to transit agencies, resources that can be used for security improvements.

TSA is providing strong leadership in this effort and has the resources it needs under the request to do its part. Over the last 2 years, DHS and DOT have worked with transit and rail operators to significantly improve security. TSA has worked with the Information Analysis and Infrastructure Protection Directorate and DOT's Federal Railroad Administration and FTA to conduct criticality assessments of rail and transit networks operating in high-density urban areas. As a result, we have better information to focus current and future security resources and transit systems are producing robust security and emergency preparedness plans. In addition, DHS is coordinating information and threat sharing through the Surface Transportation Information Sharing and Analysis Center (ISAC) managed by the Association of American Railroads, including deploying TSA personnel to the ISAC and hosting ISAC representatives at TSA's Transportation Security Coordination Center (TSCC) in Virginia. We have held numerous security exercises to bring together rail carriers, Federal and local first responders, and security experts, and have addressed potential gaps in antiterrorism training among rail personnel.

I hope to work with the Subcommittee to continue to determine how best to strengthen rail and transit security within the resources levels of our request.

*The President's fiscal year 2005 Budget Request for TSA*

The President's fiscal year 2005 budget request will support key initiatives to improve the effectiveness and efficiency of TSA's efforts to secure our Nation's transportation system. TSA's top priorities in fiscal year 2005 include:

—*Strengthening aviation security.*—We will stabilize and enhance our systemofsystems approach to aviation security, measure and improve screening performance, develop advanced screening technology, and expand the Federal Flight Deck Officer program.

—*Upgrading access and inspection security.*—TSA will continue to develop and implement credentialing and background check programs, continue to support local law enforcement at airports, strengthen inspection, and enforce agency security regulations.

—*Improving air cargo security.*—In partnership with air carriers and other stakeholders, TSA will continue to implement the range of initiatives encompassed in its Air Cargo Strategic Plan.

—*Enhancing surface transportation security through intelligence, stakeholder outreach, and integration.*—TSA will work with our colleagues in DHS and in the Department of Transportation to assess the risk of terrorist attacks to all surface modes of transportation and develop and implement security strategies to thwart attacks while minimizing the impact on the flow of cargo and mobility of passengers.

The President's fiscal year 2005 Budget Request of $5.296 billion for TSA is dedicated to stabilizing and strengthening TSA's essential mission. This request is $892 million more than the adjusted enacted level for fiscal year 2004.

*Strengthening Aviation Security*

The majority of TSA funding in fiscal year 2005 is requested to support and improve passenger and baggage screening operations at the Nation's airports, an essential layer in TSA's rings of aviation security. Today TSA is right-sizing and stabilizing screening operations based on security requirements and opportunities for increasing efficiencies in business processes so that at the end of fiscal year 2004 an appropriate mix of full-time and part-time personnel will represent no more than 45,000 full-time equivalents. Supporting and enhancing the effectiveness of screening operations requires a broad range of services and activities, from training and supplies to performance management systems, from management and headquarters support to human resources services and equipment maintenance. As part of our long-term plan for stabilizing our workforce, we are evolving to a business model that vests more hiring authority at the local level with our Federal Security Directors (FSDs). The original methods we used in centralizing recruitment, assessment, hiring, and training of screeners were necessary in the fastpaced environment to meet the original statutory deadlines. This centralized model is not the right fit for sustaining an existing workforce. This is a high priority item for TSA.

Information and data on TSA performance are critical to our ability to make strategic decisions. TSA is implementing measures to assess performance, including TSA's Passenger Screening Effectiveness Index, Cost Per Passenger, Cost Per Bag, and Customer Service Index elements of the Screening Performance Indices. This information will be used to assess the impact of higher passenger volume on the effectiveness of our security operations and the public's level of satisfaction. TSA's Customer Satisfaction Index is based on feedback from passenger surveys at airports, polls, and traveler comments. TSA's score for all airports is 80 percent, indicating that overall, passengers are "more than satisfied" with their experience at passenger security checkpoints. Over 1.7 million passengers and 2 million bags are processed through airport checkpoints on a daily basis, yet average wait times are still low.

For fiscal year 2005, the President's budget requests $2.424 billion for 45,000 screener FTE and 1,210 terminal screening managers. At the requested level, funding will support screener salaries and management at all commercial airports. The screener workforce will be cross-trained to perform duties both as passenger and baggage screeners. Included in the requested level is $130 million for contract screening airports. This funding is based on an estimate of resources necessary to maintain the current five pilot project airports. However, actual funding needs for contract screening operations may vary depending on the current evaluation of contract screening, the program's future deployment and management structure, and other contract screening transitions at airports.

A total of $145 million is requested in fiscal year 2005 to fully implement the passenger and baggage screening training programs critical to maintaining high skill levels in our screener workforce. This will support training for replacement screeners as well as support recurrent and advanced training to the entire screener workforce to meet and maintain proficiency and qualification standards. All passenger screeners must meet annual recertification standards, passing a Standard Operating Procedures Job Knowledge Test, an Image Certification Test, and a Practical Skills Demonstration, and achieve a fully successful performance rating. Recertification for 2003–2004 began on October 1, 2003, and will be completed this month.

As reported to this Subcommittee last fall, TSA recognizes that we must continually work to maintain and sharpen screener capabilities. TSA has made significant progress in implementing the Short-Term Screening Improvement Plan, a series of integrated interventions that include enhanced training and technology deployment, policy and process reengineering, increased support to the field, and increased covert testing.

TSA uses its Special Operations Program to provide ongoing and immediate feedback to screeners, their supervisors, and TSA leadership on screener performance. The Special Operations Program's overall objectives are to test the security systems at the airports and to introduce difficult, real-life threat items to the screener workforce. Once covert testing is completed at a checkpoint, Special Operations teams conduct post-test reviews with available screeners to reenact the test and provide training.

As part of the Short-Term Screening Improvement Plan, Special Operations teams have tested 68 airports between October 1, 2003, and February 1, 2004. Testing between October 1 and December 31, 2003, focused on increasing the number of airports tested for the first time, to establish a performance baseline. In January 2004, Special Operations teams began retesting airports to determine whether performance improved once the screening performance initiatives had been deployed. In January 2004, Special Operations teams retested 15 airports, with 11 airports improving overall checkpoint performance an average of 21 percent.

These overall covert checkpoint tests are also showing improvement in individual screener performance. Between September 2002 and February 1, 2004, TSA conducted 1,227 checkpoint tests at 171 airports. Checkpoint test results have improved nearly 14 percent. During January 2004 testing, the pass rate for two of the checkpoint tests was nearly 90 percent or better.

To maintain high levels of screener proficiency, TSA's screener improvement plan places a strong emphasis on recurrent screener training and supervisory training. Over 700 inert Modular Bomb Set (MBS II) and weapons training kits have been deployed to every airport in the country as an integral part of TSA's recurrent training for screeners, enabling them to see and touch the components of improvised explosive devices and weapons. TSA is also developing protocols to help FSDs conduct their own airport level screening testing. To blend nationally and locally developed training, TSA has established the "Excellence in Screener Performance" video training series. The first two videos, "Hand Held Metal Detector/Pat Down Search" and "X-ray Operator" have been delivered to the field. Training videos on physical bag search and screening persons with disabilities are now in production. The third part of our recurrent training program is a series of web-based and computer-based screener training. Eight training products are in production, with the first due to the field in March 2004. From the standpoint of training delivery, our most significant accomplishment is the launching of our learning management system, the TSA Online Learning Center (OLC). The OLC makes available over 350 general training and development courses in addition to TSA specific training.

Recognizing the need to provide our front line supervisors with the tools they need to manage effectively the screener workforce, we have sent more than 2,500 supervisors to introductory leadership training at the Graduate School, United States Department of Agriculture. We will continue to offer 10 sessions each week until all screening supervisors have received this training. We are currently adding a customized module to this training that includes airport-specific examples of leadership issues they might encounter.

TSA also has begun training some of its senior screeners to recognize patterns of unusual or suspicious behavior. This additional skill set will further enhance aviation security.

TSA promptly investigates significant security incidents as they are disclosed. Using teams of security specialists and investigators who recreate the security breach, vulnerabilities in the system are revealed, and TSA can immediately take corrective action. TSA has also forged a working relationship with other Federal law enforcement agencies and task forces when incidents require coordinated investigative activities.

TSA's 158 FSDs form the backbone of security management and leadership at the Nation's airports. Our budget requests $284 million in fiscal year 2005 to support our FSDs and other airport security management and staff positions nationwide. In order to streamline the administrative operations at airports, larger airports have been designated as hubs, providing security direction, administrative support, and staff resources to smaller airports.

In fiscal year 2005, TSA will continue the deployment of electronic explosive detection equipment at the Nation's airports and look for efficiencies to improve passenger and baggage screening. The total fiscal year 2005 discretionary funding request for explosives detection systems (EDS) and explosives trace detection (ETD) equipment purchase and installation is $150 million, with $250 million through the Aviation Security Capital Fund, for a total resource level of $400 million. Vision 100—Century of Aviation Reauthorization Act (Vision 100), Public Law 108–176, established the Aviation Security Capital Fund. The first $250 million of passenger fees authorized by the Aviation and Transportation Security Act, Public Law 107–71, will be deposited into this fund. Fund resources can be spent on projects to replace baggage conveyer systems related to aviation security, to reconfigure terminal baggage areas as needed to install EDS, to deploy EDS in airport terminals, and for other airport security capital improvement projects.

TSA's EDS/ETD equipment purchase and installation program is the key to compliance with statutory requirements for full electronic screening of checked baggage. TSA purchases and installs this equipment through a variety of mechanisms, including congressionally authorized Letters of Intent (LOIs), which provide a partial reimbursement to airports for facility modifications required to install in-line EDS solutions. TSA has issued eight airport LOIs, covering 9 airports. TSA is also using resources to purchase and install EDS and ETD machines at airports outside the LOI process.

The fiscal year 2005 budget request includes proposed language to maintain policies which guide the current program cost share and distribution of funding for LOIs, keeping the cost share at 75 percent for large airports and 90 percent for all other airports and overriding allocation formulas. TSA believes the current cost share is fair and equitable and that revised allocation formulas could potentially disrupt current LOI commitments and be detrimental to long-term security effectiveness.

TSA is also requesting approximately $86 million to provide technological support at passenger checkpoints. This funding would support reconfiguration at a portion of the 34 remaining airports that would benefit from reconfiguration and provide $30 million for purchase of advanced checkpoint equipment. This funding also supports TSA's continuing implementation of the Threat Image Projection (TIP) program, an essential element of TSA's screening improvement program. TIP superimposes threat images on X-ray screens during actual operations and records whether or not screeners identify the threat object. Through a tremendous example of private-public partnership, a significantly enhanced 2,400-image Threat Image Projection (TIP) library was uploaded to every TIP Ready X-Ray (TRX) in the country during the height of winter holiday travel season without interrupting service. This new TIP image library replaces the much smaller 200-image library developed by the Federal Aviation Administration (FAA) with images that will continuously provide screeners exposure to the most current threats, including improvised explosive devices (IEDs). Now 100 percent of checkpoint security lanes are equipped with TRXs with the 2,400-image TIP library, providing real-time data on screener performance. Data is available quickly at the local level and reported to headquarters for aggregated analysis and monitoring. Through this combination of increased deployment of TRX machines and activation of the expanded TIP image library, we are able to collect and analyze significant amounts of performance data that has not been previously available. TIP is an excellent tool for evaluating the skills of each individual screener so that we can focus directly on areas needing skill improvement. By regularly exposing screeners to a variety of threat object images, TIP provides continuous on-the-job training and immediate feedback and remediation.

TSA uses a wide range of interconnected information technology solutions to maximize its security efforts. In the past, collecting TIP data for analysis and reporting was a cumbersome task. Network connectivity to checkpoints will be the ultimate answer to efficient collection, analysis, and reporting of TIP data. This effort will provide the capability for continuous training, including real-time training on current threats; greater capacity for monitoring TIP performance; connectivity with checked baggage areas; and a foundation for planned implementations of additional administrative, surveillance, CAPPS II, and other security enhancements. TSA is requesting approximately $294 million in fiscal year 2005 to support its Information

Technology Core, which will provide the telecommunications infrastructure support and services necessary for TSA to fully utilize TIP capabilities.

The President's fiscal year 2005 budget includes a request for $49 million for TSA applied Research and development (R&D) and $50 million for Next Generation EDS. Working closely with the DHS Science and Technology (S&T) Directorate, we have established an ambitious program to develop and deploy new security technologies and use technology to enhance human performance. Technology can help us make our screening operations more effective, more efficient, less time-consuming, and less costly. TSA operates a state-of-the-art research laboratory, the Transportation Security Laboratory (TSL), in Atlantic City, New Jersey. Several screening and other security technologies are under development at the TSL, including an explosives detection portal to determine if explosives are being carried on a passenger's person, document scanners to detect trace amounts of explosive materials on items such as boarding passes, and scanners for better screening of casts and prosthetic devices. We are also developing EDS for carry-on baggage and improving explosives detection technology for screening liquids.

We are continuing work on the Next Generation of EDS for checked baggage screening to increase throughput capacity, improve detection capabilities, and lower false positive alarm rates. Simultaneously, we are collaborating with new and existing vendors to develop technologies that will enable us to detect explosives in smaller amounts than are currently established in our certification standard and that will occupy a smaller footprint at airports. We have piloted an on-screen alarm resolution protocol and will soon start the training that will enable our screeners to more closely examine an image without opening a traveler's luggage, resulting in clearing more false positive alarm images without a drop in detection proficiency. Within the Next Generation program, we are also looking at new applications of X-ray, electromagnetic, and nuclear technologies to probe sealed containers for materials that pose a threat to aviation security.

We are planning fiscal year 2005 R&D efforts to combine expanded technological capabilities in conjunction with sensor fusion development. Unfortunately, the restricted space at airports and other transportation facilities will not support continuing additions to the footprints of our screening areas. Therefore, we must design systems that will address multiple threats within very confined spaces. The challenge of moving new technology from the laboratory to the real world is significant.

TSA's R&D program also focuses on developing standards for biometric systems through ongoing pilot programs and laboratory efforts. TSA's efforts in this arena are being coordinated with the US VISIT program office. Research in biometrics technologies continues to be applicable and useful in supporting several TSA initiatives such as the Transportation Workers Identification Credential (TWIC) program, the Registered Traveler program, infrastructure access control programs, and employee screening.

TSA's Federal Flight Deck Officer (FFDO) program has now been in place for more than 1 year, adding another important layer to our rings of aviation security. The fiscal year 2005 budget proposes $25 million to support and continue expansion of FFDO training for pilots at the Federal Law Enforcement Training Center in Artesia, New Mexico. TSA developed and implemented this program in close cooperation with organizations representing airline pilots, such as the Air Line Pilots Association and the Coalition of Airline Pilots Associations. Pilots provided valuable insights to TSA during the formation of the FFDO program and many of their suggestions are reflected today in the initial qualifications, training, and standard operating procedures for FFDOs; and training location and support facilities. In January 2004, TSA began doubling the number of FFDO classes, and we plan to provide initial training and qualification for thousands of FFDOs by the end of this fiscal year. TSA has streamlined the process for pilots to become FFDOs. The selection process consists of an on-line application, an hour-long computerized assessment, an interview, and a background check. FFDO assessments are administered at over 200 locations throughout the United States, and more are being added. Classes are available continuously except during certain holidays.

Pilots also must attend re-qualification sessions twice a year to ensure that they maintain a high level of proficiency and familiarity with program requirements. Ten private, state, and local government sites are available for self-scheduling of re-qualification training. Sites were selected in geographically diverse locations that would be convenient to pilots. As the numbers of FFDOs grows, TSA will expand the number of recurrent training sites to meet their needs.

With the enactment of Vision 100, the FFDO program has been expanded to include cargo pilots and other flight deck crewmembers. TSA is examining modifications to the current FFDO curriculum and operating procedures to reflect the different environment in which cargo pilots operate. TSA initiated the on-line applica-

tion process for cargo and other flight deck crewmembers in February 2004 and expects to conduct its first cargo FFDO prototype program this April.

A total of $60 million is requested for fiscal year 2005 for the second generation Computer Assisted Passenger Pre-Screening System (CAPPS II). CAPPS II is a limited, automated prescreening system authorized by Congress that will become a critical element in TSA's system-of-systems approach to security. Developed with the utmost concern for individual privacy rights, CAPPS II will modernize the prescreening system currently implemented by the airlines. It will seek to authenticate travelers' identities and perform risk assessments to detect individuals who may pose a terrorist-related threat or who have outstanding Federal or state warrants for crimes of violence.

Under CAPPS II, airlines will ask passengers for a slightly expanded amount of reservation information, including full name, date of birth, home address, and home telephone number. With this expanded information, the system will quickly verify the identity of the passenger using commercially available data and conduct a risk assessment leveraging current intelligence information. The overall process will result in a recommended screening level, categorized as no risk, unknown or elevated risk, or high risk. The commercially available data will not be viewed by government employees, and intelligence information will remain behind the government firewall. The entire prescreening process is expected to take as little as five seconds to complete.

TSA is carefully reviewing the recent report on CAPPS II issued by the General Accounting Office (GAO) and working diligently to resolve all concerns. GAO generally concluded that in most areas that Congress asked them to review, our work on CAPPS II is not yet complete. DHS has generally concurred in GAO's findings, which in our view validates the fact that CAPPS II is a program still under development. As we resolve issues of access to data needed for testing CAPPS II, and the testing phase moves forward and results in a more mature system, we are confident of our ability to satisfy all of the questions that Congress posed.

Vision 100 transferred the Alien Pilot Security Assessment Program from the Department of Justice to the Department of Homeland Security. The law requires that DHS conduct background checks on aliens seeking flight training at U.S. flight schools, stipulating that checks must be completed within 30 days. TSA is currently working with the Federal Bureau of Investigation to implement this program, and we estimate that as many as 70,000 background checks will be required each year. TSA is requesting funding for fiscal year 2005 at a level of $4.6 million, which we estimate could be recovered in fees.

*Upgrading Access and Inspection Security*

The President's fiscal year 2005 budget requests $91.6 million in overall funding to strengthen security credential programs, with an estimated recovery of costs of $71.6 million in credential fees. This requested funding would support activities to develop the Registered Traveler program at a level of $15 million. TSA is analyzing whether a Registered Traveler program can effectively reduce the "hassle factor" in passenger and baggage screening without compromising aviation security. TSA envisions that a fully implemented Registered Traveler program would be voluntary in nature and could offer qualified participants an expedited travel experience. A comprehensive risk assessment would be conducted on Registered Traveler program applicants to determine their eligibility. TSA is working on a proposed strategy for implementing small-scale Registered Traveler pilot programs in fiscal year 2004, and requests $15 million to expand contract support and technology resources for the Registered Traveler program in fiscal year 2005. TSA will analyze the results of the pilot programs to determine the program's effects on security and customer service. TSA is also exploring technology solutions associated with non-intrusive positive identity verification at the passenger security checkpoint, such as biometrics, that would further expedite security clearance for registered travelers.

In addition to the Registered Traveler program, requested funding for credential programs would support the Alien Pilot Security Assessment Program discussed above, the TWIC at a level of $50 million, the HAZMAT Driver License Endorsement Program at a level of $17 million, and Credentialing Enterprise Start-up at $5 million. Because all Credentialing Enterprise programs involve the use of specific law enforcement and antiterrorist databases, TSA is developing a common platform of technology and contractor support to conduct appropriate background checks. Although each credentialing program may involve special requirements and adjudication, this common platform will realize economies of scale through shared resources such as systems equipment, database connectivity, contractor support space, and other start-up costs that will not be recovered through fees.

We are developing a TWIC prototype and supporting measures to mitigate the threat of insider attacks to transportation infrastructure. During prototype, this credential will test the feasibility of bringing uniformity and consistency to the process of granting access to transportation workers entrusted to work in the most sensitive and secure areas of our national transportation system. The President's fiscal year 2005 request includes spending authority to begin implementing the TWIC concept within parameters that will be defined by the Administration after completion of the prototype assessment.

TSA is requesting $120 million to support its contingent of regulatory compliance inspectors in fiscal year 2005. These inspectors ensure that airports, air carriers, and other regulated entities within the airport property are in compliance with all Federal security regulations. An additional $90 million will support reimbursements to state and local agencies providing law enforcement support for airport security checkpoints. An estimated 300 reimbursable agreements with state and local law enforcement agencies are necessary to provide the law enforcement support at levels deemed appropriate by TSA FSDs.

The President's budget requests $17 million in fiscal year 2005 to support 354 K–9 units under the National Explosives Detection Canine Team program. TSA-certified canine teams perform a critical role in aviation security, performing multiple tasks throughout the entire airport environment, such as screening checked baggage, searching unattended bags, searching vehicles approaching terminals during increased threat levels, screening cargo on a limited basis, screening mail at certain pilot project locations, and responding to bomb threats. TSA helps local law enforcement agencies by procuring and training selected canines, training selected law enforcement officers, and by partially reimbursing agencies for costs.

*Improving Air Cargo Security*

Each year, U.S. air carriers transport approximately 12.5 million tons of cargo. To deny terrorists the opportunity to exploit our thriving air cargo system, TSA has developed an Air Cargo Strategic Plan that calls for the focused deployment of tools, resources, and infrastructure that are available today, as well as creating a foundation for future improvements as technology and resources become available. For fiscal year 2005, a total of $85 million is requested for TSA's aviation cargo screening program.

TSA has prohibited all "unknown shipper" cargo from flying aboard passenger carriers since September 11, 2001, thereby limiting cargo to packages from identifiable shippers under the TSA Known Shipper program. TSA is rolling out an automated Known Shipper database that will allow air carriers and indirect air carriers to verify immediately the status of a specific shipper.

Under the Air Cargo Strategic Plan, TSA will establish a Cargo Pre-Screening system that identifies which cargo should be considered "high-risk," and work with industry and other Federal agencies to ensure that 100 percent of high-risk cargo is inspected. We are also partnering with stakeholders to implement enhanced background checks on persons with access to cargo and new procedures for securing aircraft while they are on the ground. A Notice of Proposed Rulemaking is in development for enhanced screening of cargo on passenger aircraft, along with stronger security measures for Indirect Air Carriers and the establishment of a mandatory security program for all-cargo carriers. TSA and U.S. Customs and Border Protection are working together on air cargo initiatives through four established work groups, making plans for future collaboration, leveraging of existing programs, and sharing resources and technologies.

Within the $85 million requested for air cargo screening in fiscal year 2005, TSA is requesting $55 million for an aggressive R&D program to investigate technologies that will improve our ability to screen physically high-risk air cargo. TSA will look at new technologies for screening large cargo, including pallets and containerized cargo. In January 2004, TSA issued a market survey requesting submissions and participation of vendors of commercial off-the-shelf explosives detection technology to support cargo inspection. A number of vendors have been tentatively selected for laboratory evaluation of their products against the current EDS certification criteria. We have issued a request for proposals (RFP) for potential inventors of explosives detection technology for the screening of containerized cargo and U.S. Mail to be transported on passenger aircraft. This RFP will lead to the award of R&D grants to assist in the development of promising technologies. At TSL, we are conducting a cargo characterization study to determine the feasibility of using currently deployed explosives detection technology (EDS and ETD) to screen cargo while new systems are under development.

*Enhancing Surface Transportation Security Through Intelligence, Stakeholder Outreach, and Integration*

For modes of transportation other than aviation, TSA is developing policies and programs to ensure proper coordination, integration, and information exchange among our Federal, state, and local partners in non-aviation modes of transportation and to unite disparate transportation systems under a single security strategy. Our goal in this regard is to ensure that efforts to provide security in non-aviation modes are consistent, coordinated, and effective. As part of this effort, DHS will issue a National Transportation System Security Plan as part of its overall Critical Infrastructure Protection Plan, which is currently under development. We are providing Departmental leadership and guidance in this area, particularly with respect to modal security plans, to ensure that they are integrated into an effective concept of operations for management of the transportation sector's security. TSA's fiscal year 2005 request includes $24 million for personnel and operational resources dedicated to security in non-aviation transportation modes and $17 million to support TSA's around-the-clock TSCC, the same funding level as this year. The complex, interdependent land transportation environment is especially challenging. TSA will continue to assess the risk of terrorist attacks on non-aviation transportation modes, assess the need for standards and procedures to address those risks, and ensure compliance with established regulations and policies.

This completes our highlights of key programs and initiatives for fiscal year 2005.

TSA has achieved an unqualified audit opinion for fiscal year 2003, its third consecutive clean audit. In fiscal year 2004, TSA is striving to maintain its clean audit record and correct any internal control weaknesses noted in audit reports. With passenger and baggage screening rollouts complete and the transition to DHS behind us, TSA is well poised to continue implementing more efficient and effective financial management processes across the organization.

In closing, I want to convey how proud I am of TSA's security screening workforce. They have carried out their responsibilities with diligence and professionalism in a dynamic environment. The reality of TSA's mission is that we must constantly be prepared to provide the best level of security we can within the resources we have been provided. The increased variety and sophistication of weapons and communication tools available to modern terrorists presents a significant challenge. We have seen all too vividly that successful terrorist attacks can disrupt the United States and global economies. With security strengthened and economic recovery underway, it is imperative that TSA accommodate expected growth in air travel in the years ahead. With preventive measures in place, the risk of terrorism is reduced, not eliminated. TSA will continue to identify and reevaluate threats and vulnerabilities and make decisions that both facilitate transportation and improve its security.

I will be pleased to answer your questions.

Senator COCHRAN. Before proceeding to questions, I am happy to yield to other Senators for any other opening statements they may have.

Senator Byrd. Senator Murray.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Thank you very much, Mr. Chairman. I join in welcoming our two witnesses today. Two weeks ago, when Undersecretary Hutchinson testified before this Subcommittee, I stressed my concern that too many of the Department's efforts to secure the homeland rely on paper exercises, such as studies and certifications, rather than on the layered defense that the President and the Secretary often describe in their homeland security speeches.

Both the Coast Guard and the Transportation Security Administration are on the front line of homeland defense, and I commend both of your organizations for your dedication to your missions. Regrettably, the President does not seek sufficient resources for either the Coast Guard or the Transportation Security Administration.

According to your own testimony, Admiral Collins, Coast Guard assets, the ships, the planes, the helicopters that you rely on to protect Americans are failing at an alarming rate. In fact, you indi-

cate that the Coast Guard assets are in a "declining readiness spiral", and yet, according to the President's budget, the Coast Guard Deepwater program for upgrading and replacing those assets will take 22 years to complete. Twenty-two years. This is 2 years slower than the capital improvement program envisioned when Deepwater was conceived prior to the tragic events of September 11.

I am also concerned that while you have increased mission hours for homeland security by 113 percent since 9/11, an increase that I fully support, your non-homeland security efforts, such as search and rescue, and fisheries enforcement have fallen by 26 percent.

Admiral Stone, when Undersecretary Hutchinson testified before this Subcommittee, I said to him that I was concerned with the level of funding dedicated to non-aviation modes of transportation, such as rail security, bus security, port security. I questioned why the President was seeking no funding for securing our mass transit systems and was proposing a 62 percent cut in port security grants.

I stressed my objections to the Department's plan to shift responsibility for these programs out of TSA. I questioned why it was that the President's budget for the Transportation Security Administration was 97.3 percent for aviation security and 2.7 percent for security for other modes of transportation, such as rail security.

I questioned the wisdom of putting too much of a focus on responding to the last terrorist attack and not preparing for a different kind of attack in the future, a future that may not be far away.

Since that hearing, terrorists have struck again. This time, the terrorists killed over 200 innocent passengers on a commuter train in Madrid, Spain. Following the attack in Madrid, according to The Washington Post, the Department released a law enforcement advisory warning about the terrorist threat to our rail system here in America. It is saddening that it took another terrorist attack for the Administration to wake up to this threat.

In January of 2003, I offered an amendment to provide $300 million to State and local governments for securing mass transit systems. The White House opposed the amendment, and it was defeated. In April of 2003, I offered an amendment to add $50 million for this purpose. Once again, it was defeated.

Being a persistent kind of fellow who comes from the mud hills and the clay hills of southern West Virginia, I offered another amendment for $57 million last July. Once again, the White House called the amendment wasteful spending, and the amendment was defeated.

Over 14 million people travel by rail every day in this country, many more than travel by air. This is a glaring vulnerability. While I am not suggesting that we should establish a rail passenger screening system like the system we have at our airports, we clearly can do more to help our rail systems install chemical sensors, increase law enforcement presence, and improve public awareness.

Frankly, Admiral Stone, Secretary Ridge's statement yesterday that we will use existing resources to do more long-term research on technological solutions, share information, and distribute information on best practices just does not make the grade with me.

The President is proposing to cut law enforcement grant programs by $732 million, including elimination of the COP's hiring program, and is also proposing to cut first responder funding by $733 million. He is proposing to cut Amtrak by $318 million. Where, where, oh, where are State and local governments and Amtrak supposed to get the money to actually increase law enforcement at our train stations and on our trains?

By any definition, the threat to U.S. citizens using our rail systems is imminent. Imminent. Not 10 years away. Not 25 years away, but now. We need a clear plan that takes immediate steps to make our people safer. The approach announced by Secretary Ridge yesterday might make rail passengers safer in 2024, just about the time that the Coast Guard finishes buying their ships and planes. Our citizens have a right to expect their government to respond when they are threatened. We should do more. We should do more. We should do more, and we should do it now. Thank you.

Senator COCHRAN. Senator Murray.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you, Mr. Chairman.

Admiral Collins and Admiral Stone, I want to join my colleagues in welcoming you. Today, you have a tremendous task before you, and I really want to thank you for your service. Both of your organizations have done a tremendous job, with limited resources, and what I believe is a lack of support from the White House in terms of securing our Nation's ports and cargo terminals. You should both be applauded for your efforts in addressing the security issues facing our country today.

However, I remain concerned that the President's budget request does not go far enough to provide you with the funding and the tools necessary to get the job done. I often question whether we are giving you the resources to help you work smarter, or simply asking you to work harder. We need a coordinated plan for a nationwide port security regime, but it seems that despite your best efforts, securing our Nation's ports and cargo terminals is a back burner issue, something that, according to Secretary Ridge, the private sector should figure out.

I am really concerned that the President's budget request, which would place 90 percent of the Administration's so-called Port Security Program under the Coast Guard, will take even more attention away from the Coast Guard's other missions.

Admiral Collins, I am interested to hear how the Deepwater and the response boat programs, the programs that provide our men and women of the Coast Guard with the platforms they need, would progress within the President's budget numbers. And I am particularly interested in the status of the response boat small contract, which has already been awarded, as well as the status of the response boat medium contract, which is supposed to be awarded this year.

We need to make sure that the Coast Guard has the ability to modernize its vessel and aircraft fleet, and I look forward to working with Admiral Collins and the rest of my colleagues to ensure that we fund these priorities responsibly.

Admiral Stone, I'm interested in your perspective on the relationship between TSA, Customs, and the Coast Guard, more specifically, how this budget would help provide you with the tools to achieve a truly coordinated approach to protect our port facilities.

I am concerned with reports about the lack of coordination within the Department of Homeland Security. It seems that TSA and Customs are merely coexisting within the cargo security area. Last week, I participated in an event celebrating the arrival of the first operations safe commerce container into the United States, and that is a TSA program. Unfortunately, instead of actively participating in this program, designed to test technologies, and prove best practices for private sector supply chain security, Customs is moving forward with RFPs for container security devices, without regard for the work already in progress in the TSA.

So as I said earlier, we need to help you work smarter, not just harder. We need a coordinated port security regime to ensure the safe, efficient transport of cargo into the United States, as well as protecting people who live and work near our ports. It has to be a priority for this government.

So Mr. Chairman, I will have more specific questions for our witnesses during the question and answer period. I thank both of you for being here today.

Senator REID. Mr. Chairman.

Senator COCHRAN. The Senator from Nevada, Mr. Reid.

Senator REID. I am not a member of the Subcommittee, but I am, of course—I have a very short statement, and I would ask permission of the Chair to be allowed to——

Senator COCHRAN. You may proceed, Senator.

STATEMENT OF SENATOR HARRY REID

Senator REID. Thank you very much, Mr. Chairman. Mr. Chairman, and especially members of the Subcommittee, Admiral, I have appreciated very much working with you. As you are aware, McCarran International Airport is the second, only to the Los Angeles International Airport, in the number of passengers that come through its security checkpoints. Only LA International has more people coming. You can go to Atlanta, and there are more people in the airport, but they are not leaving the airport, while in Las Vegas, they get out and then come back.

This arises, of course, as I have indicated, because McCarran is a destination airport, unlike other large airports that serve as hubs, where passengers simply connect to another flight. I have been concerned, as you know, about the delays in TSA's screening of passengers at McCarran, which may cause harm to the economy in the Las Vegas region. But also we are concerned for what it does to not only Las Vegas, but points north, west, south, and east of there.

This frustrates passengers, makes Las Vegas, by some, a less attractive choice for discretionary travel. These delays arise because of the lack of an adequate number of screening lanes at McCarran, as well as TSA security rules and procedures that were not optimized for McCarran Airport.

To address these delays, there are more screening lanes being built into McCarran, and I think we can count on TSA to ade-

quately staff them. In addition, and I appreciate this very much, TSA instituted a pilot program at McCarran to optimize screening rules and regulations during periods of heavy passenger flow, while maintaining the highest levels of passenger security and safety.

It is my understanding that delays at McCarran have been reduced to 30 minutes, on average, in recent weeks, and that is good, because it was up to 3 hours on some occasions. Credit does go to TSA and your able Federal security director in Las Vegas, Jim Blair, who is always available to answer questions and be most helpful in many regards.

So I want to thank you personally for your efforts. And I would like to ask how you think this pilot program is working from a TSA perspective and whether you have plans to expand its application to other airports. You do not need to answer that now. You can do that in writing to me, if you would, please.

AVIATION SECURITY CAPITAL FUND

There is another issue that I would like to touch on. The FAA bill passed by Congress last year mandates that 90 percent of the cost of in-line screening systems at large airports were to be paid by the Federal Government through the Aviation Security Capital Fund. The language was definitely retroactive to large airports that had already received letters of intent for in-line screening systems. This was an increase from 75 percent to 90 percent, and for McCarran, represents almost $19 million. I note in TSA's fiscal year 2005 budget request for a Federal share of only 75 percent of these projects. This clearly was not the intent of Congress.

So, again, I would ask, with the permission of the Chairman, that you respond to this in writing to all the committee at your earliest possible date. Is the Federal share cost 75 percent or 90 percent? By law, it is 90 percent. We want to make sure that you live by that.

I would also ask, Chairman Cochran, if you would allow me to submit a question in writing and ask the panelists to respond to this at their earliest possible date.

Senator COCHRAN. The Senator has that right, and we will be glad to make that a part of the hearing record.

Senator REID. Thank you very much.

Senator COCHRAN. We would request the witnesses to respond in a timely fashion.

IMPACT OF DETERIORATING SHIPS, COAST GUARD CUTTERS, HELICOPTERS AND OTHER ASSETS ON COAST GUARD'S ABILITY TO CARRY-OUT ITS MISSIONS

Senator COCHRAN. Admiral Collins, I notice that you start off in your statement talking about the concerns you have about the deterioration of your ships, Coast Guard cutters, helicopters, and other assets that you need to carry out your missions and fulfill your responsibilities as part of the Department of Homeland Security, and also contributing to our Nation's defense. I know you have forces that have been deployed to the Persian Gulf region, and you also recently were called upon to deploy assets to Haiti, to the area, and to the approaches to South Florida, because of the activities in Haiti.

Could you tell us to what extent this puts strain on the overall responsibility you have for other activities in maritime homeland security and marine safety? Were you able to maintain your vigilance here in the homeland area to carry out these missions as well?

Admiral COLLINS. Mr. Chairman, I will be glad to answer that. I know that is clearly a concern of Senator Murray's as well, based on her opening comments and previous hearings, is how we balance across our missions when we have these surge operations.

The good story is, we have the capacity to serve in the national interests for high-risk events on a temporary basis and surge back to normal lay-down of resources. I think that is a strength that we as a Service have because of our multi-mission character and our flexibility. So that is a good-news story.

The question is: How do we continue to service all those other missions as we surge to an orange alert condition, or a Haiti, and so forth? I think there are a couple of answers to that. One is we seek growth of our asset base where warranted. And as I mentioned in my opening statement, we have realized a 51 percent increase in our operating expense budget, and we have added additional capacity to our force structure.

If you look a the total number of hours available for boats, cutters, and so forth, in 2003, they increased over 39 percent; and through 2005, there will be a net 68 percent increase in the total number of boats, aircraft, and ship hours available. And that is because additional resources have been added. So that is the good story.

We still have OPTEMPO challenges and shortfalls and gaps to meet everything, to be 100 percent everywhere at one time, and we are not there yet.

But I would have to note that our performance goals continue to be met across our missions. Let me just give you a couple of data points. Despite some pressures in the past year, orange alert and other conditions, we still maintain our SAR readiness posture, and met all our search and rescue standards. We saved 87.7 percent of mariners in distress, and our performance goal is 85 percent.

We achieved a 97.1 percent compliance rate with fisheries enforcement. Our goal is 97 percent. We have reduced the 5 year average of collisions and groundings to a little over 1,500. Our goal is a little over 2,100, and so forth. The point I am making is that we have ensured we are meeting the highest risk and attending to our performance goals, even despite these pressures.

Senator COCHRAN. I want to commend you for the service you are providing, and I think the evidence that you gave us in your statement about the seizure of cocaine on the West Coast is an example of your capability to continue to function at a high level of readiness and competence to help protect us from the ravages of the drug trade.

INTERDICTION AND SEIZURE OF ASSETS OF DRUG SMUGGLERS ON THE HIGH SEAS OFF THE COAST OF SOUTH AMERICA AND THE CARIBBEAN

To what extent is the Coast Guard deploying assets in the region where the cocaine coming from? Are you able to interdict and seize

assets of the drug smugglers on the high seas off the coast of South America or in the Caribbean?

Admiral COLLINS. That is where most of our assets are provided to, or are deployed to Joint Interagency Task Force South, out of Key West, which is a DOD joint command capably lead by a Coast Guard flag officer, I might add. But a joint command that targets and deploys a multiplicity of assets, Coast Guard and others, puts metal on target, if you will, based on Intel.

Most of the assets, all the CD assets almost exclusively, that we field, are allocated to Joint Interagency Task Force South for further deployment. And when we actually make the interdiction, then we take Operation Control back and do the boarding, do the arrest, and the seizure, and so forth. But we are primarily down in the deep Caribbean. That is where the greatest success is, off the West Coast of Colombia, off the north coast of Colombia, as far west and south as the Galupa Coast, and all the way up to the Gulf of Tijuanapeck, coming into the Mexico-Guatemalan border. And that is where we have had a lot of very, very good success, based on ever-increasing use of Intel, Intel-queued actions. And that is why the Midget was successful with 27,000 pounds of cocaine in three seizures coming back this week.

So I think the interagency and the lay-down of forces has been getting better and better as we have learned more about this risk, about this threat.

Senator COCHRAN. But it seems strong evidence of the success of interagency cooperation and another reason why the Department of Homeland Security was a step in the right direction to help protect the security and safety of the citizens of the United States from drugs, as well as from other acts of terror.

## SCHEDULE OF NEEDS FOR DEEPWATER AND REFURBISHING OF HELICOPTERS

What can you tell us about the schedule that you would like to see us fund, as far as your Deepwater modernization effort and the refurbishing of helicopters that you say are now dangerous to operate and have caused safety problems out in the fleet?

Admiral COLLINS. Clearly, the 2005 budget gives us a healthy funding profile, consistent with the plus-up that this subcommittee, and others in Congress provided last year, in 2004. So we have a $678 million level, and that continues to pursue the larger components of the Deepwater. So I think in 2005, the President's request will keep us on that momentum. It is about a 22-year time frame. My biggest concern is how we deal in the out-years, the total length of this project, as I am faced with deteriorating readiness, and that is the issue, Mr. Chairman.

We are running our assets hard in the national interest. They are failing. They are failing at a sharper rate than we first projected when the project was shaped and designed. And so over the next several years, I am forced to make a tradeoff between fixing the existing system versus putting that same money into the replacement of those systems, and to keep current readiness, today's readiness live and well. I have no choice. I have to invest in those legacy systems to keep them going; and as we push out the modernization, it complicates that equation.

So that is that downward spiral phenomena; and as you mentioned, it is particularly problematic, for the engine system and the HH–65 are key assets for us. And we have had to aggressively make decisions about re-engineering that platform and invest in the legacy systems to keep that readiness where it should be.

Senator COCHRAN. Well, I am confident this committee is going to respond and provide the funds you need to move aggressively to restore the capability of these assets and build new systems for the future. We are just going to have to do it. I do not think we have any choice.

EFFECTIVENESS OF THE SCREENING PROCESS

Admiral Stone, I know we are all concerned about the effectiveness of the screening processes we have in trying to help ensure the protection of the traveling public here in our homeland. The airports and airlines have received the greatest amount of attention. To what extent are you confident that the procedures you have in place and the systems that you have developed and are using now to protect the flying public, those using our airlines and airports, are succeeding?

Admiral STONE. Senator, I am very confident that the layers of security that we have in place today are continuously improving, whether it is the growing size of our flight deck officer cadre of personnel that we have that we train each week, and graduate out of Artesia. In addition, our screening covert testing results indicate continuous improvement. And in a classified forum, we are keen to share that data, because we see progress being made as a result of our investment in training.

We also have online now what is called TIP, the Threat Image Projection system, which is a file of about 2,400 images. And we can now go and see each individual screener, how they are doing. They have to punch in their pass code when they go up to the X-ray machine, and so we can pull up now, San Francisco-LAX, see what images in that file that are missed the most.

So it also gives us an idea of where to refocus the training. It gives us a percentage of hits that the screener got on the image that came up. So this Threat Image Projection really allows us to now measure the individual screener performance, which is a very significant capability for us, and when combined with the covert testing results, allows us to better get our arms around the performance of our screener and gives us metrics in which to judge not only the screener but then the airport, and then trends throughout the country.

So we are very excited about now having TIP online, about the improved scores on covert testing, and about the additional FFDOs going out each week out into the field. And so across the board on these layers, we see continuous improvement.

LEVEL OF ATTENTION TO THE LIKELIHOOD OF THREATS TO OTHER MODES OF TRANSPORTATION

Senator COCHRAN. There are, of course, other threats that we are aware. To the extent to which your intelligence shows the likelihood of threats to other modes of transportation, how would you assess that in terms of threat level? Are there other modes of trans-

portation that you consider likely targets of terrorists that have your acute attention?

Admiral STONE. Yes, sir. In December, we started intermodal operations Intel briefings. So each day now for an hour and a half, we spend our time, the senior leadership is, on intelligence and operations. I will just note that I have been tracking to find where we are spending our time at the TSA headquarters, in terms of meetings.

And over half of our time is spent on operations, intermodal operations and intelligence, which is very pleasing to me, because I want the focus of our headquarter's effort to be on operations and Intel and connecting the dots in an intermodal setting, so at that morning operations intelligence briefing, we look at a whole range of threats, whether they be the input that we get from the Coast Guard, from the maritime perspective; or whether it be from our stakeholders in the land area.

I will note that in December, one of the first people that I was introduced to and a briefing was set up with, was Mr. Ed Hamburger, the President of the American Association of Railroads; followed by Bill Milar, for public transit authorities; and Richard White, from the Washington Metro. These individuals I was able to meet in December, because of the importance, that right off the bat, I have an opportunity to understand from their perspective what their challenges were.

So this operations Intel assessment that we have each day in which we review the intelligence for all intermodal operations, I think is reflective of our focus and a sense of urgency that we understand and are communicating with the field in all of these areas.

I would say after the aviation threat, which our intelligence indicates the Al Qaeda interest in being able to use an aircraft as a weapon remains very high, that we are well aware that whether it be at our ports or at various land targets, that we have an intermodal responsibility at TSA to monitor those threats and then take appropriate action in coordination with other agencies.

Senator COCHRAN. Before recognizing other senators for questions, I have noticed the presence of the distinguished Chairman of the full committee, Senator Stevens. Do you have any opening statement, Senator? We would be happy to have you do that.

STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. As a matter of fact, Senator, I wish you would just enter my questions for the record and let me make one short comment.

Admiral Collins, Admiral Stone, I do want to thank you for your recognition of the problems of Alaska. I note that we have an increase in the budget for $102 million for the Maritime Transportation Security Act of 2002. Of that amount, with half the coastline of the United States, $152,000 is going to be spent in Alaska to implement the Maritime Transportation Security Act of 2002.

I am conscious of what you are doing, and I want to thank you for what you are doing, testing the Predator A at King Salmon and Predator B at Shimya. If those are capable technologies, they could probably be substituted for vessels and save the taxpayers of the

United States a great deal of money, but at the same time have knowledge of what is going on along that enormous ocean border of ours.

You have agreed to work with our people on maritime safety education. I thank you for that, because we are still losing a considerable number of our vessels, despite everything we have tried. And the cold water immersion education and the outreach to the people who are out there without any chance of rescue really is very important.

I thank you also for transferring the cutter, Long Island, to Valdez, for its homeland security missions. We have come a long way, and I know you have a tremendous job. I am pleased to see that there is an increase for the Coast Guard's budget, a total of $7.5 billion, an increase of $490 million this year. And I want to join all of you gentlemen in supporting that. I wish it was more. Thank you very much.

Senator COCHRAN. Thank you, Senator.

Senator Byrd.

PROPOSED MOVEMENT OF GRANT MONEY FROM TSAT-ODP

Senator BYRD. On January 26th, Secretary Ridge announced his intention to consolidate a number of grant programs within the Offices of State and Local Government, Coordination and Preparedness. On February 25, Representative Sabo and I wrote, detailing our objections to moving TSA grants, such as port, rail, and bus security from TSA, as well as the emergency management grants from FEMA. House Homeland Security Appropriations Subcommittee Chairman Rogers sent a similar letter expressing his concern about moving the TSA grants.

I reiterated my objections during our hearings with Secretary Ridge and Undersecretary Hutchinson, and I remain strongly concerned that moving the funds from TSA will result in a reduction of focus from your agency and the Department on non-aviation modes of transportation.

That would be in direct contravention of the intent of Congress when it passed the Aviation and Transportation Security Act in November of 2001. That Act gives TSA the responsibility for security over all modes of transportation. Clearly, the Madrid train bombing should be a wake-up call to the need for TSA to focus on non-aviation security risks.

Just 10 days ago, The Washington Post quoted from the Homeland Security Advisory, saying, "'Trains and rail stations remain potential targets for terrorist groups due to their reduced security in comparison to airports." That is a very significant statement. Let me read it again, this excerpt from The Washington Post, just 10 days ago, "Trains and rail stations," that would include Amtrak, that would include MARC, "Trains and rail stations remain potential targets for terrorist groups due to their reduced security in comparison to airports."

America is clearly at risk of a terrorist attack to our rail and mass transit systems, our seaports, and other non-aviation modes of transportation.

Now, given the existing threat and the strong concerns that have been raised by members of Congress, are you reconsidering the proposed movement of these grants from TSA?

Admiral STONE. Senator Byrd, I fully share and understand the sobering impact of Madrid and Moscow and what that means in terms of us being required to have a true sense of urgency about how we address these issues. The decision to move those responsibilities, in terms of the funding being consolidated at ODP, has been made very clear to us by the Department that the subject matter experts, of which TSA relies heavily on to ensure how the assessments are done and where that money goes, and our ability, therefore, to impact those decisions, will be maintained and that the subject matter experts will be part of the TSA workforce and that we will then be able to interface with ODP to ensure the proper decisions are made.

Senator BYRD. I am trying to understand as to whether or not my question was answered. Are you saying you are reconsidering, or you are not?

Admiral STONE. No, sir, we have received information from the Department that the subject matter experts that make those decisions on those monies will remain at the TSA; however, those monies will go to ODP, along with some staff that will administer those accounts. But that the decision to ensure that the people that are transferred to the ODP do not impact on our critical ability to be able to manage and assess those areas that those grants apply to.

UNOBLIGATED GRANTS FUNDING

Senator BYRD. The fiscal year 2004 Homeland Security Act was signed into law on October 1, 2003; yet, in the intervening 6 months, TSA has yet to obligate the $22 million that Congress appropriated for trucking industry grants, the $17 million Congress provided for Operation Safe Commerce, the $10 million Congress provided for bus security grants, the $7 million Congress provided for hazardous material grants, the $4 million Congress provided for nuclear detection and monitoring. Additionally, $50 million still remains unobligated from the funds Congress provided for port security grants.

We are halfway through the fiscal year. Congress acted expeditiously to provide the Department with the funds and the flexibility to address real and pressing homeland security requirements. We have been at Code Orange 2 times since August.

You work for the Department of Homeland Security. Explain why this business-as-usual and go-slow approach to your job is satisfactory.

Admiral STONE. Senator, the approach of the Department with regard to the threat that we face has been, I believe, one that is reflective of a sense of understanding of the threat and an urgent need to ensure that operationally we are responding to that. The actual particulars on those individuals' monies and the time lines for how those are being distributed, I would like to get back to you, sir, for the record on that.

Senator BYRD. Well now, what do you mean by what you just said, that you would like to get back for the record. What does that mean?

Admiral STONE. I would like to make sure that I give you an answer on those each individual monies and what the time line is for them to be going out to the field.

Senator BYRD. Very well. Now, you will do that for the record?

Admiral STONE. Yes, sir.

Senator BYRD. Mr. Chairman, what does that mean for us? Will we see the record on that before we mark up?

Senator COCHRAN. Mr. Chairman, I am happy to join you in the request that the witness submit an answer to you directly, and we will also have a copy that will be printed in the record of the Committee's proceedings.

CAPPS II SYSTEM

Senator BYRD. Very well. One of the concerns about the testing of the proposed CAPPS II system has been the lack of access to actual traveler data to test the system. Airlines have been reluctant to voluntarily provide data because of the very real concerns of privacy groups about how that data will be used. There is some speculation that the Department is planning to issue regulations to compel airlines to provide data for the purposes of testing.

Can you confirm for the Subcommittee whether the Department is planning to compel airlines to provide data on travelers for the purposes of testing CAPPS II?

Admiral STONE. Our plan right now, Senator, is to ensure that we meet all of the requirements that have been identified both by us and by other entities, such as the GAO, regarding privacy, oversight, and redress, and that currently is the focus of our effort. We have recently hired this past week a privacy officer for TSA. We have had a TSA nationwide privacy education week in order to ensure that the core beliefs of our agency are, indeed, shared throughout all of our employees.

Our intent is to ensure that once the privacy redress and oversight measures are taken that we then work with the Department on ensuring that a notice of proposed rule-making is drafted and sent to the Department for review. And then following that would be our recommendation, our intent, once that notification goes out, so that the airlines and passengers know what would be forthcoming, then to move forward with a security directive for testing. So that would be the TSA intent, that sort of a process, through the Department.

Senator BYRD. Of the funds requested for this program in the fiscal year 2005 budget request, what is requested solely for additional testing of the program, as opposed to implementation and operation of the system?

Admiral STONE. For the funds that are proposed for fiscal year 2005 for the $60 million, the actual breakdown of what is for testing and what is for the actual operation of those airlines that have actually transitioned to the operational CAPPS II program, I would have to get that number exactly for you, sir, and I will do so.

REWARDING OF DEEPWATER PRIME CONTRACTOR

Senator BYRD. Very well. Admiral Collins, the Coast Guard's Deepwater program is a multi-billion dollar effort to modernize and replace its aging ships, aircraft, and communications systems. Ac-

cording to a recent report by the GAO, the Coast Guard does not have the capability to assess the performance of the program, and yet the Coast Guard awarded the prime contractors with a $4 million bonus for work accomplished in the first year of the contract.

I am concerned that the Coast Guard is rewarding the prime contractor without first knowing if they are doing a good job. For instance, the very first Deepwater asset to be delivered, the 123-foot cutter, was delayed by 4 months. GAO reports that the schedule for the maritime patrol aircraft has slipped as well. Should we be rewarding this kind of performance with bonuses to the contractor?

Admiral COLLINS. Currently, Senator, the GAO reviewed a lot of our management processes and procedures, and clearly, the focus on how we do award fees and how we deal with the systems integrated was part of that review, how we assess their performance and recognize their performance. We welcome those comments, obviously, from the GAO, and we are interested in continuing to refine our processes.

We are addressing the processes for evaluating the contractor's performance. We did, in fact, evaluate five specific areas of performance during the first term. We followed very, very strict adherence to the Federal Acquisition Regulations. It was an overriding principle in this review.

The contractor award fee score is, I would submit, much lower than typical industry and integrator's averages, if you look at averages for other type of contracts. We are confident that the award fee level was fair and represented an accurate assessment of the contractor's performance.

Is there room for enhanced performance of both us and the contractor on this very, very complex project? Absolutely. We are working very, very hard to improve that performance, but I think in this particular case, it was done based upon a set of criteria. It was done fairly. It was done accurately. We had objective measures that were introduced into this awards fee process. We have a performance measurement plan. We have a balanced scorecard and all the other mechanisms that you use in this kind of thing. And we will continue to refine it, review it, assess it, and make it better as we go forward.

Senator BYRD. Well, that is all well and good, but I think we—as you said, you can do better, and we should do better. I think we ought to take the GAO report seriously. This is an arm of the Congress. We are going to believe our agency, and we are going to expect better from you. So please be aware of this, and let us do better than this. This is the people's money. Your money. My money.

Admiral COLLINS. Yes, sir.

Senator BYRD. Their money. So try to do better. I have further questions. I will await my turn in the next round.

Senator COCHRAN. Thank you, Senator.

Senator Inouye.

Senator INOUYE. Thank you, Mr. Chairman.

### INCREASED REQUIREMENT FOR AIRLIFT CAPACITY SINCE 9/11

The mission of the Coast Guard has expanded immensely since 9/11. And since that time, thirteen maritime safety and security

teams and eight port security units have been deployed. With these changes, has there been an increased requirement for airlift capacity?

Admiral COLLINS. Yes, Senator, there is, and as you know, the Deepwater solution that was initially designed. And, of course, that is a 1998 requirement that the contractor's design to and bid on, in post-9/11. I think there is a re-evaluation needed to the strategic lift aspect that is embedded in our Deepwater solution.

And we currently have a team looking at a revised baseline, performance baseline, for our fixed-wing fleet mix to service the lift requirement, because what is different in post-9/11 is that we have these maritime safety and security teams that you noted that require a strategic lift capability. We also need a move our use-of-force helicopters when we need to. We moved one up, incidentally, into Valdez in the last orange condition, from Jacksonville. We are moving our strike teams as well, so we see strategic lift as a very, very important part of the overall aviation and functionality embedded in the Coast Guard and for the Department, I might add.

So we are going to be reviewing that operational baseline, Senator, and my expectations are that the C–130 aircraft, in particular, will figure materially in the ultimate re-baselining of the requirement.

HC–130JS COMPARED TO THE HC–130HS

Senator INOUYE. Speaking of the HC–130J, pursuant to the fiscal year 2001 allotment, you received six HC–130Js. Now, how do they compare with the 130Hs?

Admiral COLLINS. They are a wonderful piece of technology, Senator. They fly faster. They fly higher. They climb higher. They have digitized cockpits. It is the latest technology, versus the older technology. We have accepted all six, and we had some funding appropriated last year, $60 million, to do the engineering development and the missionization of those aircraft. By that I mean putting Coast Guard-peculiar sensor packages in so that they become true maritime patrol aircraft.

Right now, they are strategic lift and not maritime patrol aircraft. So we are starting that process to put that capability in those C–130Js, utilizing that $60 million increment as a start.

MAKING PACIFIC FLEET ALL 130JS

Senator INOUYE. Would it make sense to make your Pacific Fleet all 130Js?

Admiral COLLINS. That clearly is in consideration, sir. Hopefully, we will have greater clarity on that within a matter of a couple of months. Later in the early summer, we will have a redefined Fleet mix baseline for Deepwater. And it is going to have to look at strategic lift. You know the Pacific better than anyone, and you know the long sortie times that are required to do our business all through the Western Pacific and into the Bering Sea, and in the Southern Pacific, and in all of those places.

So we have to take a very, very hard look at this Fleet mix and clearly how we deal with the C–130 Fleet, whether modernizing the H models or recommending additional J models will be part of that decision process, Senator.

Senator INOUYE. Thank you very much. I have several other questions, Mr. Chairman, I would like to submit to the Coast Guard, if I may.

Senator COCHRAN. Thank you, Senator Inouye.

BUDGET REQUEST FOR THE PURCHASE AND INSTALLATION OF AN EXPLOSIVE DETECTION SYSTEM

Senator INOUYE. If I may now ask Admiral Stone: The budget includes $400 million for the purchase and installation of an explosive detection system, the EDS machines. Letters of intent have been signed with eight airports, but it is my understanding that the $250 million requested for installation would only cover continued payment of existing LOIs. How many airports are on the list for installation, and under the current approach, how long would it take to install in-line EDS machines in the remaining airports on your list?

Admiral STONE. Currently, sir, we have eight LOIs issued to cover nine airports, and for fiscal year 2004 and fiscal year 2005, that is $800 million that has been apportioned for those nine airports in support of those eight LOIs. We have another list that we have gathered of airports that have requested Letters of Intent to cover their capacity and growth needs. That list is approximately 30 airports long.

We are currently meeting with the AAAE and the ACI to find out if in fact that list is reflective of indeed those with the greatest need. So that list is being refined of outstanding airports that require LOIs to ensure it really encompasses the airports around the Nation that have the requirement, rather than have just those that have submitted the request.

For instance, Chicago O'Hare is not on the list of airports that have an LOI pending. They have not submitted one, so we are reaching out with the AAAE and ACI to get that list corrected so that it reflects really the needs of the Nation, rather than just those who have submitted the LOI request.

The $1.2 billion that we have in fiscal year 2004 and fiscal year 2005, of which $800 million covers the LOI process, leaves us about the $400 million to cover those airports that need EDSs installed in order to just remain 100 percent electronically capable. Thus, the 75/25 split allows us to keep those airports at 100 percent electronic. If in fact it was a 90/10 split, then we have an issue that we will need to address regarding retaining compliance in fiscal year 2005.

[The information follows:]

We are currently assessing the structure and criteria of a long term program, and therefore do not have a cost estimate. Implementing EDS in-line systems at all airports is extremely costly and must be considered in light of all the other transportation security needs. While this multi-year effort progresses, TSA continues to use its LOI criteria, based on achieving and maintaining compliance with the 100 percent electronic screening requirement at all airports, to determine where resources will be allocated. TSA is working with airports that will not be able to maintain compliance with the 100 percent electronic screening requirement because of increased passenger loads, increased and/or additional air carrier service, and/or airport terminal modifications and expansions. TSA also continues to evaluate situations where an in-line solution makes sense from the standpoint of security, efficiency, and reduced staffing needs.

Senator INOUYE. If you have to accelerate your program in the next 4 years, how much would it cost to cover all the airports on your list?

Admiral STONE. I will have to get you a more concise number, but I would say it has been estimated to be somewhere in the area of $4 billion to $6 billion to meet the needs of those other airports across the Nation that have the LOI requirements.

LIMIT ON FULL-TIME EQUIPMENT, BAGGAGE AND PERSONNEL

Senator INOUYE. At the present time, your agency operates on a limit of 45,000 full-time equipment, baggage, and personnel, but is this limitation a realistic one?

Admiral STONE. Currently, we are once again partnering with the airports themselves on the issue of capacity, their projected capacity for next year and the year after. We have reached an agreement with the airports, as well as with the ATA, under the United States Civil Aviation Partnership, in which we will use a Boeing model. And the ATA, AAAE, ACI, and TSA have all agreed to use this model to look at our Nation's airports and come up with a figure that we think reflects the screening total requirements.

Under the 45,000 cap that we are currently operating at right now, we do not have a clear picture of what that means at our Nation's airports because we still have not shaped ourselves properly. We still have some airports that are smaller airports with too many screeners there, and larger ones that have too few. So we need, internally at TSA, to make that adjustment here in the coming months to get a real view for what 45,000 FTE looks like.

We are currently hiring screeners at those airports in particular that need screeners in order to meet compliance for 100 percent electronic. We are currently at 43,600 FTE at TSA for our screening force. We are hiring up to 45,000, with the priority being those airports that need screeners to ensure compliance with congressional mandates.

Senator INOUYE. You have been hiring part-time employees and screeners. How are they working out?

Admiral STONE. Currently, approximately 90 percent of our screening force is full time, and 10 percent are part-time screeners. However, because of our imbalance currently between small airports and larger airports, and the fact that we have not internally shaped ourselves correctly, what we have found out that those part-time screeners are having to work more hours than they signed up for. So we are pursuing this as a high-priority item to ensure that we get the right numbers at the right airports so we can have that efficiency and effectiveness that the airports, the airlines, and TSA all want.

Senator INOUYE. As you know, I travel quite a bit, going back and forth to Hawaii, and I must commend you and your team for a good job.

Admiral STONE. Thank you, Senator.

Senator INOUYE. Thank you very much.

Mr. Chairman, I have other questions I would like to——

Senator COCHRAN. Thank you, Senator. We expect you to be able to be able to respond to those in a timely fashion directly to the Senator——

Admiral STONE. Yes, sir.
Senator COCHRAN [continuing]. And to this committee.
Senator Murray.

IMBALANCE IN COAST GUARD SINCE 9/11

Senator MURRAY. Thank you, Mr. Chairman.

Admiral Collins, I understand that given the circumstances you believe the Coast Guard's mission is balanced responsibly. But according to the recent analysis, the Coast Guard mission hour analysis, it appears that since September 11th, the Coast Guard is spending about 50 percent less time on drug interdiction, environmental protection, and marine safety. And there have also been drastic reductions in the hours spent on search and rescue, aid to navigation, and enforcement of fisheries laws and treaties. At the same time, I see on our analysis that hours for homeland security has more than doubled. I think it is at 1,130 percent.

I am really concerned that this additional budget pressure on you to focus on homeland security just asks the men and women under your charge to work harder in other areas. When do you see this trend subsiding?

Admiral COLLINS. Obviously, if we go to an orange alert and there is additional pressure on. If there is an expeditionary war effort that is underway and we have additional pressures on our ports as we did in Liberty Shield last spring, then that is the priority of the Nation, to deal with that high-profile risk.

So those are the kind of surges we have to deal with, and we are prepared to deal with them as an organization and still maintain an adequate profile to service the key issues, and meet the minimum standards across the board.

I am very pleased that we have met all our search and rescue standards. We have met all our search and rescue performance goals.

Senator MURRAY. I have. I realize that we did well last year, but I am really concerned—I want to ask you specifically, does this budget request allow you to return to your previous emphasis on the non-homeland security missions and at the same time do homeland security?

Admiral COLLINS. By the end of 2005, compared to pre-9/11 levels, we will have increased our total aircraft, cutter, and boat hours cumulatively by 68 percent from those previous levels. That is a growth in those resource hours——

Senator MURRAY. That is our homeland security, correct?

Admiral COLLINS. That is across—that is the total for all——

Senator MURRAY. Does that include fisheries, search and rescue——

Admiral COLLINS. That is everything. The total available, the total boat hours, the total aircraft hours, the total ship hours available, as compared to pre-9/11 averages, will go up by 68 percent. That is a very positive growth. That is reflective, as I mentioned earlier, in that our operation expense base went up 51 percent. That gives us greater capacity to deal with these surges.

I do not know what is the normal any more, in terms of what is the fixed level. I would rather look at whether we are attaining

performance, meeting the highest risks, meeting all our service responsibilities, and search and rescue standards, in particular.

Here is a case in point: Counter-drugs. Counter-drugs, we were, last year, just a little bit, a scotch away, it is a technical term a scotch away from setting a record on the cocaine seized in the maritime, with fewer assets. Although we had a surge, the Liberty Shield, orange, and whatever, the seizure rate is up. Why? We are getting better about using Intel.

We are partnering with coalition partners. We are using technology better, and we are coordinating interagency better. And all of those mean enhanced productivity. So there are ways to try to accommodate a particular operation tempo, pressures that we have, still get the performance the Nation needs.

I would predict this year, I will go out on a limb, that we will seize over a hundred tons of cocaine this year, with less resources, because of the effectiveness of our partnering, and the use of Intel.

Senator MURRAY. And I congratulate you on that, but I am particularly concerned about search and rescue, and marine safety, and some of the other areas that are out there. And we will be watching that very closely.

RESPONSE BOAT PROGRAM

You have already been asked about some of the Deepwater programs and your ability to accelerate it. I am really concerned about the aging fleet of cutters and aircraft, as well as the status of the responsible program, and I appreciate your previous response. But could you provide the committee with an update regarding the response boat program and tell us whether we are on target to receive the 700 RBS vessels that we have previously contracted for and what the status of the RBS contract is?

Admiral COLLINS. I will provide you with the response boats, small, if I could provide you a direct response, and I will give you a little matrix. It will show the flow of the acquisition, the dollars allocated, how many we are buying each year. But the short answer is, we are on schedule with it, and I will give you a complete breakdown year by year on it.

Senator MURRAY. Okay. If you could submit that——

Admiral COLLINS. It is a tremendous asset, by the way, and we are very, very pleased with that. Safe Boat is being a terrific contractor.

The other issue, the response boat medium, as you know, we have three vessels that were designed and built and delivered to us. We are running them through their paces, through an evaluation process. And we will be prepared to make a down select and an award for a low-rate initial production, that is, the second quarter fiscal year 2005.

Senator MURRAY. So a year from now.

Admiral COLLINS. We will be ready to make an award and execute those funds that are in the 2005 request.

Senator MURRAY. Okay.

Admiral COLLINS. It will be six low-rate, initial production, boats that we will fund. We are very pleased, by the way, with all three candidates that we have. The good story is that all three have pro-

vided us with high-quality boats, so we will have great competition, as a good thing——

Senator MURRAY. Good. We will look forward to that.

Admiral COLLINS [continuing]. And we will have some good products to choose from.

PORT SECURITY

Senator MURRAY. Okay. Good. Admiral Stone, as I mentioned in my opening statement, port security is really important. For me, it is a top priority, and it appears that we still have a lot of work to do when it comes to coordinating the Federal Government's efforts in this area. Can you help us understand how the various port security programs within the Department of Homeland Security interact and complement each other, and how this budget will help in that effort?

Admiral STONE. Certainly. The Border and Transportation Security, under Under Secretary Hutchinson, both Commissioner Bonner and myself, and Admiral Collins' team worked very closely with BTS to ensure that we have a coordinated and integrated effort.

For instance, the best practices that will be gleaned from Operation Safe Commerce with regard to locks, sensors, GPS systems, when they are gathered up, will be coordinated very closely with CBP, Commissioner Bonner's team, and also with the Coast Guard, to ensure that that sort of integrated approach, rather than a stove-piped one, in which those items are just taken and then put out as new policies. I think is critical to emphasize that we fully intend to take those best practices and have that sort of a process.

Additionally, TSA, in partnership with the Coast Guard and CBP, with regard to port security, regularly coordinates the results of what the port captain has assessed down at the port as being those areas of vulnerabilities and risk to ensure that the port grant process reflects those needs. And then those monies are then apportioned as a result, in large part due to that coordinated effort of what the port captain on the scene has evaluated are his needs.

[The information follows:]

RESPONSE BOAT PROGRAM

The RB–S represents a significant improvement in the Coast Guard's operational capability. Multi-Mission Stations, Marine Safety Offices, and Maritime Safety and Security Teams use the RB–S for a variety of missions. The boat is capable of 45 knots and can be armed with two machine guns, making it an ideal port security asset. However, its enclosed cabin and excellent sea-keeping and maneuverability also lend it to being used on a full-range of Coast Guard missions.

The first RB–S was delivered by Safe Boats International of Port Orchard, Washington in May 2002, specifically intended for homeland security use. By the end of fiscal year 2004, a total of 285 boats will be ordered to enhance the Coast Guard's homeland security capability and to recapitalize the Utility Boat-Light fleet. To date, 155 boats have been delivered. The Coast Guard is also analyzing how many of the 700 boats authorized under contract are operationally required for future purchases. The following table provides the number of boats ordered by fiscal year and the associated funding:

[Million of dollars]

| Fiscal year | Funding for boats | Number of boats ordered |
|---|---|---|
| 2005 [1] | $8.2 | 40 |

[Million of dollars]

| Fiscal year | Funding for boats | Number of boats ordered |
|---|---|---|
| 2004 | 27.0 | 139 |
| 2003 | 15.2 | 84 |
| 2002 | 10.9 | 62 |

[1] Based on fiscal year 2005 Budget Request.

Admiral STONE. The TSA approach on the integrated intermodal information system, which is a system that we believe from point of shipment to point of destination provides visibility on an intermodal level for us to, therefore, coordinate with every partner that has to do with the security of cargo. And how, wherever that originates in the world and wherever it ends up in the United States, is another reflection of our intent to ensure that from a transportation sector point of view, all of our activities and how we monitor that are an integrated effort, fully partnered with the CBP, Coast Guard, and other organizations that are involved in monitoring those shipments as they enter the United States.

So across the board, from an intermodal perspective, TSA, and I know that it is BPS's view, that that has to be the way to head if we are going to really be efficient and effective.

Senator MURRAY. Well, as you know, Operation Safe Commerce is going to have a report by the end of this fiscal year that will detail some of the private sector methodology, best practices, and technology solutions. And I will be following that closely to make sure that the agencies use that information, because I think they have done a really good job of putting that together. So I will be working with you on that.

## CONTINGENCY PLAN FOR THE FLOW OR COMMERCE DURING AN INCIDENT AT ONE OF OUR PORTS

Let me ask you one other question, Admiral Stone, because after September 11th, everyone knows we grounded all of our aircraft for a number of days and saw devastating impacts on the air transportation industry. My state was impacted, obviously, with Boeing. All states were. But the shutdown of the West Coast ports last summer during the strike offered us kind of a glimpse of what would happen if we saw a similar shutdown at any of our seaports. That could cost our economy as much as a billion dollars a week.

I would like to know from you what kind of contingency planning is happening within the Administration, and specifically, who is in charge of an incident and who is in charge of making sure the flow of commerce is not impeded should we have some kind of incident at one of our ports.

Admiral STONE. TSA is charged with developing sector-specific plans. And then in the area of maritime, for a port scenario that you mentioned, the Coast Guard would be lead in coordinating that effort from a maritime port point of view. But it is TSA's responsibility for the transportation sector to develop those plans. That is an ongoing effort with TSA and an item of priority as well as the daily coordination with the Coast Guard and other——

Senator MURRAY. Are those contingency plans developed now, should something occur in one of our ports?

Admiral STONE. The sector-specific plans are still a work in progress, and so the real-world events would be coordinated by TSA, much like we did during the last threat level orange when we had flights of interest, our coordination with the Department of Transportation on that was daily and immediate, via real-time communications on flights of interest. It would be our intent to do similarly in a real-world operation with the Coast Guard.

Senator MURRAY. Admiral Collins.

Admiral COLLINS. As you know, Senator, there is a family of planes that is required to be built as part of the MTSA.

Senator MURRAY. Right.

Admiral COLLINS. We are reviewing thousands, literally thousands of those for vessels and facilities, and those vessels and facilities. And there are overarching port security plans for each port, so over 40 of these. They are done collaboratively with the Area Maritime Security Committee.

We are all major stakeholders in the port to provide an overarching plan to respond to contingencies and deal with security issues, not unlike the Oil Pollution Act of 1990 requirement for area contingency plans for oil pollution response. The same thing is going to be done on the security basis.

Those will be vetted in the other feeder, the government document is the port security assessment that has been done for each port. That is really the customer, that is, these committees and the captain of the port, so they can take those vulnerability assessments, along with threat assessments, and develop the appropriate plans and the contingency plans. And they will be embedded in each one of these captain of the port area plans, all to be completed, by the way, by the end of April, reviewed and approved, and in place by July 1 of this year.

Senator MURRAY. That is all well and good, and I think you have done a marvelous job. The ports have done a really good job in responding to this. Mr. Chairman, what I am concerned about is the budget request. Admiral Collins testified, when was it, in the House last year that we would need $1.3 billion this year, and we have a $100 million budget request. So we are asking our ports to have these plans to be ready to go, and we are not funding them. I will have more conversations about this, Mr. Chairman, but I am deeply concerned about that.

Senator COCHRAN. Thank you, Senator Murray. Senator Domenici.

## FUNDING REAL NEEDS AND NOT WANTS

Senator DOMENICI. Thank you very much, Mr. Chairman. First, I apologize for being late. I apologize to the witnesses.

I would like to make a couple of observations and ask you to respond. It is not necessarily totally your problem, but I am unimpressed with the notion that everybody and every community of any size that makes noise will get help from the Department of Homeland Security.

I would like to suggest to you that I do not believe we could ever afford to fund everybody that thinks they need a fire engine, everybody that thinks they need some transportation protection. But

rather we have to conclude in some reasonable way, what is at risk and then help secure what is at risk.

I do not know if you know. I am not sure that the committee members know, that well before this incident, Senators Lugar, Nunn, and Domenici put an amendment on the floor of the Senate, which passed overwhelmingly. It cost a lot of money, but it picked 120 cities, from experts, that needed first responder training. It did not pick 6,000. It picked 120.

Now, might I ask first, Admiral Stone, because it is more relevant to you, and then with each hearing, I will ask all the way to the top, "What do you do to evaluate people's concerns, versus the reality that we cannot do everything?" There ought to be some way to cover real risks—strike that word—the most significant risks, rather than things that people think they need.

Admiral STONE. Sir, I believe strongly, and we have this discussion almost every morning when an issue comes up at our operations and intelligence briefings, to look at an issue from a risk-based decision point of view, looking at three things: What is the threat? What is the criticality? And what is the vulnerability?

Senator DOMENICI. What does "criticality" mean?

Admiral STONE. The criticality? For instance, when the issue has come up about general aviation at Reagan Airport.

Senator DOMENICI. Okay.

Admiral STONE. What are the criticality of the assets involved in that particular decision? What is the vulnerability? There is a reduced reaction time. And then what is the threat? Do we believe that Al Qaeda has an interest, and terrorist organizations, in that particular modus operandi, to do us harm. So whether it has to do with general aviation at Reagan, that threat criticality and vulnerability, and then making a risk-based decision, I think, is key.

Senator DOMENICI. So even though you are not the head of the whole department, you are telling me and this committee that you know enough to say to us, we are evaluating requests versus risk——

Admiral STONE. Yes, sir.

Senator DOMENICI [continuing]. All the time.

Admiral STONE. Yes, sir.

Senator DOMENICI. I might just say, fellow Senators, I have been observing and then trying to inquire when I see it, how groups rally and seek to impose, through political force, the needs of their organizations on the government. I do not think you ought to yield to that. I note the other day, and I love them, but the fire fighters had a big meeting. They wanted more things. I asked them the kinds of things they wanted, it became more obvious to me that there was a lot of the demand and the requests that just had to do with the fact that they wanted new equipment, not that they were at risk and needed new equipment. I see a difference. I do not see how we can fund the first, but we can the latter.

If we are going to fund the first, we need a new program to say we are going to pay for the needs of the police and firemen of America. But that would not be related to this, it would seem to me. I could be wrong, and the Senate could say, yes, it does, because we do not know what is at risk, so we will cover everybody.

But as of now, it is risk-oriented in terms of granting and assessing needs, and then funding them.

Admiral STONE. Yes, sir, risk-based decision making is at the core of that decision process.

FLETC FACILITY AT ARTESIA, NEW MEXICO

Senator DOMENICI. Okay. I thank you for that. I just have one parochial question, Mr. Chairman. I do not know if you know, Mr. Stone, some senators know, because I have been somewhat of an open advocate for a secondary FLETC facility that is now 12 years old in Artesia, New Mexico. You trained your air marshals there until 18 months ago, and then you got into an argument and you went to New Jersey.

See, I do not win them all, Mr. Chairman, but I did not think it was a very good idea, and I still do not. I have talked to a lot of marshals, and it is interesting enough, though, the idea not to put it there, it was just too far away. The marshals that went there loved it. So I think it is a pretty good training facility.

But now you have a new program, FFDO.

Admiral STONE. Yes, sir.

Senator DOMENICI. That is, Senator, if pilots want to carry arms, they ask, and they become volunteers to become trained so they can carry arms. Surprisingly, there are a lot of them, well, you might say a lot of them do not want to, but surprisingly, a lot of them do. We do not let them carry firearms just because they used to be deputy sheriff and know how to shoot a gun. They have to go through some pretty good training.

Now, as I understand it, for the FFDO program the trainees are being trained at FLETC, Artesia——

Admiral STONE. Yes, sir.

Senator DOMENICI [continuing]. Is that correct?

Admiral STONE. Yes, sir. The Federal Flight Deck Officer Program is the trainees at Artesia.

Senator DOMENICI. Now, let me ask you, is the program effective and efficient, and what do you think about it?

Admiral STONE. Extremely so. We are really proud of that program. The pilots themselves give us tremendously good feedback on the quality of the training in Artesia. Every week, we are graduating. We have a queue of folks that are in line to fill out all the quotas through the rest of this fiscal year. So we could not be more pleased with the quality of the training we see, the feedback from the pilots, and the extra level of security that that gives us today.

Senator DOMENICI. From the standpoint of the Department, is this seen as something good, to go ahead and grant these pilots this permission and train them if that is what they want?

Admiral STONE. It is my understanding, yes, sir. When I briefed this program up the chain into the Department, it is very well received as an additional layer that we are quite proud of.

Senator DOMENICI. Could I ask, if you know this, what kind of feedback are you getting from the pilots with reference to this program in the event they have volunteered?

Admiral STONE. The feedback on the critique sheets has all been superb training in Artesia, much better than I had thought, based on historical data for what they thought the course would be, now

to come here and find out that it is top-shelf training. So all of those critiques that we get back from the FFDO pilots have been very complimentary of the process.

FEDERAL AIR MARSHALS PROGRAM

Senator DOMENICI. Let me shift gears now. A sister function, which is bigger in numbers and better known, is the marshal program, air marshals. Could you tell me, is that program working? Do you know what the morale is of those who are in that program? Are you having a significant and sustained mainstream or stream of applicants who want to do this?

Admiral STONE. Sir, I am partnered with ICE, Mike Garcia, and his team, that now own the FAMs. However, since December, ICE and the Federal Air Marshal Program have sent one of their top people to sit in on every ops Intel brief, which we hold every day at TSA, so that connectivity and teamwork and partnership is reflected in everything that we do in aviation now. I think that is a real success story for us.

From all the indications that I see, that program is being run very well. And it is very flexible when we get threat indications or we see things that come up, that we immediately want to reprogram a FAM to a particular flight. That happens instantaneously as a result of that operational focus that we have with the FAM, so I would give it high scores as well.

Senator DOMENICI. Well, I understand they are paid well. There is no question that they make very good money, and they can thus afford the flexibility of sometimes working different hours and being shipped around when they were not expecting to. From talking to them, they understand that, but I have also been told that there are more quitting than one would expect for such a highly paid program. Is that true, and if so, do you know why?

Admiral STONE. Sir, I do not have any visibility on that particular issue.

Senator DOMENICI. Could you check that in some reasonable way and relate it to some comparable program with high pay like that, in terms of the staying power of the program and filling the vacancies. And also, are you at full capacity, and if not, why?

Admiral STONE. Yes, sir, I will be happy to look into that.

Senator DOMENICI. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Domenici. Admiral Collins, I noticed in the statement you submitted, in the part where you are talking about the need to recapitalize our operational assets, you point out that in your 110-foot patrol boats there have been 20 hull bridges requiring emergency dry docks.

AVAILABLE NEW TECHNOLOGIES THAT COULD BE USED FOR REPLACEMENT COAST GUARD VESSELS

I am wondering to what extent are new technologies available that could be used for replacement Coast Guard vessels that offer greater efficiencies or other benefits?

Admiral COLLINS. Sir, first, let me give you a graphic example of one of those bridges. This is an out-plating from one of our recent 110s. You can see the corrosion, internal corrosion, and a fairly substantial hole. This is typical of a number of 110-foot cutters

where failures were experienced. That, obviously, gives a sense of urgency about getting on with this patrol boat program.

Of the technologies that we are attracted to, one is the composite technology. We are working with the Deepwater contractor on the surface side of the program. Northrup Grumman is exploring the use of a composite technology hull in particular for this fast-response cutter, which is this 110-foot cutter replacement.

It is attractive from two or three dimensions. Number one, lower life-cycle costs. The maintenance and the haul-out cycle are much more reduced. The life of the hull is much longer than a comparable steel or aluminum hull. So we are looking at it very, very eagerly and discussing with Northrup Grumman way ahead if, in fact, we do choose to pursue composite technology.

Senator COCHRAN. Are there any existing ships that you know of that have this technology now and have demonstrated its capability?

Admiral COLLINS. Yes, sir. One of the leading shipyards in the world in this technology is Kockums Shipyards, Karlskrona, Sweden. Northrup Grumman is partnering with Kockums Shipyards as their technical advisor, if you will, on moving ahead with this composite technology. They have built a number of minesweepers very successfully, and current frigate, the Visby class, which I had the opportunity to go aboard 6 or 7 months ago, to sort of kick the tires on this technology, if you will, very, very impressive technology. And because of Northrup Grumman partnering with one of the world's specialists and the use of this technology, it appears to be a very potent team, Senator.

## AUTOMATIC IDENTIFICATION SYSTEM

Senator COCHRAN. There is also an indication in your statement, in the section dealing with maritime domain awareness, where you say, "An intelligence and warning system that detects indicators of potential terrorist activity before an attack occurs is necessary to take preemptive and protective action." You then go on to say you are currently installing an automatic identification system in your vessel traffic service ports and formalizing requirements to award a contract of a nationwide AIS network, the Automatic Identification System.

Exactly how is that going to work? Is this a new technology that is envisioned, or is it something that you feel comfortable about moving forward? I notice you are requesting $4 million to continue this project. How is that money going to be spent?

Admiral COLLINS. One approach is to embed AIS technology and all our nine VTSs around the country so there will be AID, or Automatic Identification System-based vessel traffic systems. That will all be completed by the end of this calendar year for all those systems. So we will have AIS-based.

Also, another requirement for AIS is as a result of our initiatives with the International Maritime Organization, where, as you know, we pushed through an international standard for shipping successfully, the international ship and port security code, and also SOLAS, Safety of Life At Sea amendments, that require AIS on all in-bound commercial ships over 300 gross tons no later than 1 December 2004. These are transponders that identify position and lo-

cation and other information. These AIS-equipped VTSs can take that signal.

We also need to be able to receive those VHFM-communicated signals in other places beyond those ports. And we are looking at all kinds of different options to put AIS equipment on off-shore platforms. As you well know, in the Mississippi, there are over 3,000 off-shore platforms. They could be a great location for those systems, so we have the coverage. It is a coverage issue. There is also the Rescue-21, which is the VHF high-sites that we are putting around the country, is to hang AIS systems off of those as well.

So we are looking at all that infrastructure, trying to minimize the infrastructure burden by using existing locations and infrastructure in order to get the coverage we want. So we think it is a great way to go. We are optimistic about it.

The other dimension of AIS is long-range tracking, the idea of how do you get long-range tracking, because this one is a short range. How do you get like over 2,000 miles type of range and reporting requirements? This is another program and initiative that we are running through IMO to establish it as a worldwide standard. We are looking at various options for long range.

It gets complicated real quickly, Mr. Chairman, because it has a lot of moving parts, but we are taking a very comprehensive look at all of the pieces.

RESCUE 21

Senator COCHRAN. One other modernization effort, I understand, is having some kind of identification system that shows the location so that you will not have to guess where the ship is.

Admiral COLLINS. That is our Rescue 21 project, Senator, that is a fairly substantial feature of our capital request in 2005. It has been in previous years. We are focused to build that system out by the 2006 time frame. That is the one that establishes high towers around the country and monitors VHF, FM, and other distress calls from emergencies at sea. It has digital recording capability, and direction-finding capability so we can hone in on the signal, fix the position, and take the search out of search and rescue. It is a very, very, very, I think, positive addition to our capability.

CAPPS II DEVELOPMENT AND DEPLOYMENT

Senator COCHRAN. Thank you. Admiral Stone, we noticed that your request is $892 million more than the adjusted and enacted level for fiscal year 2004. And one of the additional requests this year that you are making is for a second-generation, computer-assisted passenger pre-screening system, the so-called CAPPS II.

I know you envision this as a modern—more modern pre-screening system than the one that is currently in use by the airlines. How soon do you think the TSA will be able to develop and deploy this system?

Admiral STONE. We are confident that we will be able to get in place the privacy, redress, and oversight measures that we know are key to ensuring that we have the trust and confidence of the American people to put forth such a system that we think significantly enhances security. The time line for that is we hope to have

in the spring, the NPRM, the Notice of Proposed Rule-making out, and approved within the Department, as well as the security directive that we need. So we are looking at being able to have the oversight, redress, and privacy pieces, and then forwarded to the Department this spring, the NPRM and the SD. At that point, the Department will review it and make the decision concerning forwarding for testing purposes.

Once we have the approval to conduct testing, we envision that that process will be one in which we are going to want to test historical data. So we are going to want to give the airlines a couple of months to review the NPRM and the SD, and then we will go back and look at a historical month. This is our testing approach. So we are hopeful this summer that we would be able at some point to be able to conduct that sort of a test.

EXPEDITED REGISTERED TRAVEL PROGRAM

Senator COCHRAN. I was encouraged to know that you are concerned about reducing the hassle factor in airports for passengers and baggage screening, and that you are considering a registered travel program to help accomplish this. Can you tell us when you think you might have an expedited program in place?

Admiral STONE. We are very excited about getting a pilot going. That first step of actually doing a pilot and having a voluntary program where we are looking at groups of individuals that have volunteered, and then pairing that up with a biometric so that we can then verify that individual and be able to have a tailored process, either a dedicated lane, depending on the airport, so that we can facilitate the registered travelers through the checkpoint in a quicker manner. Our goal is in June, to be able to start that pilot and run it for about 90 days, and then glean the lessons from it with an eye towards continuing into 2005 with a more advanced program so that we can get on with the issue of registered traveler.

UNQUALIFIED AUDIT OPINION

Senator COCHRAN. Finally, I think I should congratulate you for achieving an unqualified audit opinion for the last fiscal year. This is your third consecutive clean audit, I am advised, and you are maintaining a clean audit record and correcting control weaknesses that were noted in the audit reports. So I congratulate you for that.

Admiral STONE. Thank you, Senator.

Senator COCHRAN. Senator Byrd.

NON-INTRUSIVE SCREENING OF PASSENGERS FOR EXPLOSIVES

Senator BYRD. Admiral Stone, in December 2001, Richard Reed was prevented from exploding his improvised shoe bomb due to quick action on the part of the passengers and crew of an American Airline flight from Paris to Miami. In the intervening 2 years, we appear to have increased the screening of checked baggage for explosives, but there appears to be little effort being made to enhance the screening of passengers themselves for hidden explosives.

The technology and equipment exists to non-intrusively screen passengers for explosives. What is TSA doing to address this potential threat?

Admiral STONE. Senator, I just stopped at our Atlantic City laboratory to review the explosive trace portal that is undergoing testing and certification. We firmly believe at TSA that we need to transform our checkpoints. The checkpoints that we have today, in the wake of 9/11, got the job done for us.

The EDS systems that we have today, as well, were out there to ensure that we had an extra measure of protection. But now, in partnership with the Department of Homeland Security S&T Division, we started to review the entire aviation security role of TSA. Does the equipment match the threat, whether it be sheet explosives or any other potential threat? We are keen to ensure that we are investing and transforming our checkpoints to reflect the threats that we see coming down the road and experiencing today, rather than the box cutters that caused and the scenarios that caused 9/11.

So our intent is to get that equipment certified, tested at Atlantic City, and then expedited out into our checkpoints to give us that explosive detection capability at our passenger checkpoints that you mentioned.

Senator BYRD. How much of your fiscal year 2005 budget request is devoted to enhanced screening of passengers for explosives.

Admiral STONE. We have, for our checkpoint modification, I think it is $44 million, or somewhere at $44 million or $46 million for checkpoint enhancements, of which allows us to introduce to our checkpoints additional technologies.

## SECURITY PLANS REQUIRED UNDER THE MARITIME TRANSPORTATION SECURITY ACT

Senator BYRD. To meet the requirements of the Maritime Transportation Security Act, vessel owners and port facility owners were required to submit security plans to the Coast Guard for review and approval by December 31, 2003. It was reported earlier this year that only one-half of all vessels and less than one-third of port facilities met the December 31 deadline.

According to your testimony, Admiral Collins, those numbers have improved dramatically. How many penalties have you levied against non-compliant companies?

Admiral COLLINS. Senator, we have had about 97 percent of all the plans in, so we have really made some progress here over the past several months. Total number of notices of violations that were issued for the facility side of the plans were 63 notices of violation, and for the vessels, were 89 that have notices of violations for not meeting submittal requirements, Senator.

But again, we have over 97 percent submitted this date. So we are confident that we are going to get all of them in and all of them reviewed and all of them approved, as appropriate, or adjusted as we go back and work with the submitter to ensure that they meet all the requirements of the rule and the law.

Senator BYRD. Have there been corresponding penalties levied against non-compliant companies?

Admiral COLLINS. I do not have the exact figures on that, Senator, with me today, but I will be glad to give you a prompt response on exactly the adjudication of those notices of violation.

Senator BYRD. Very well. If you will, please. How many plans have you sent back for revisions? Would you supply that information also?

Admiral COLLINS. I will provide you with that as well, sir, yes.

[The information follows:]

SECURITY PLANS REQUIRED UNDER THE MARITIME TRANSPORTATION SECURITY ACT

As of April 7, 2004, we have issued Notices of Violations (NOVs) to 95 vessels and 66 facilities. Each of those violations was for failing to submit a completed security assessment and has a $10,000 civil penalty associated with it. Subsequently, we have issued civil penalties in the amount of $25,000 to four of these facilities for failing to submit a completed security plan (for a total fine of $35,000). These penalties were based on violations of 33 CFR Section 104.410 for vessels and 33 CFR Section 105.410 for facilities.

The security plan review and approval process consists of several distinct stages.

For vessels there are two stages. Stage I review determines if a plan contains all critical elements outlined in the regulations, and Stage II review ensures that security measures specified in the plan adequately address the vulnerabilities which are identified in the security assessment. Vessel security plans receive final approval (Stage 2) from the Coast Guard Marine Safety Center in Washington, DC.

For facilities there are three stages. Stage I and II review is parallel with the vessel Stage I and II, which are completed at the National Facility Plan Review Center in Kansas City, KS. Stage III consists of a final review that is completed and approved by the local Captain of the Port.

All vessel and facility security plans through Stage II and Stage III have been completed.

The Coast Guard has also issued a total of 157 Notices of Violation and civil penalties for failure to submit required security plans.

Senator BYRD. What are you learning about the security needs of vessels and port facilities based on the plans that have been submitted?

Admiral COLLINS. What we are learning is from the port security assessments in terms of vulnerabilities. As required, we are doing port security assessments for 55 of our major ports around the country. We will complete them all by the end of this calendar year, a lot of which is classified, by the way.

But there are a lot of things that are coming out in that in terms of vulnerabilities. Generally, I will state, for example, underwater threats and how we are vulnerable in our ports for underwater threats is just an example of some of the things that we are finding in some of these assessments.

These port security assessments will provide a lot of the solid information that we will use to craft these port-wide security plans that are also to be completed this spring. But all these assessments are sort of source documents to get a hold of the vulnerability end of the risk equation that Admiral Stone talked about and then match them up with a threat assessment as well and to have a complete picture of what gaps we need to fill.

The other interesting thing, Senator, the purpose these serve is that when we do evaluate grant applications, that come in for port. We are sort of one of the expert witnesses that review those applications at the local level. We use all the vulnerability assessment we have done as a yardstick against which to measure this application as to whether it addresses a number of the gaps that have been identified in these assessments.

So I think it is a good system that we have, and a comprehensive approach. And we are going to distill down the results of these port security assessments into a geographic information system display

that is available for each one of our port security committees around the country so a ready file of information, very practical information that can be used by the port security including all the stakeholders in the port to make the right decisions about which risks and which gap to address first, second, and third.

PORT SECURITY FUNDING

Senator BYRD. The Coast Guard estimates that $1.125 billion is needed in the first year and $5.4 billion over the next 10 years for ports to comply with the Federal regulations that have been mandated by the Maritime Transportation Security Act. Until fiscal year 2005, the president never requested funding to help ports implement security improvements, as outlined in the MTSA, and his budget request for fiscal year 2005 is 62 percent lower than the amount Congress provided last year.

When Secretary Ridge testified before this subcommittee in February, he said that he believes port facility owners should bear most of the financial burden to harden security at our seaports. What evidence do you have that these owners are stepping up to the plate and investing their own resources in port security?

Admiral COLLINS. Many of them have. Many of them have security plans already in place. Some of them are exercising those. They are aggressively pursuing grants, and use of grants to meet the terms and conditions of the new standards. Over $500 million, thanks, obviously, to the support of Congress in making those funds available. But over $500 million has been distributed to ports and port facilities to undertake some of this hardening, as you put it. There is $46 million within the 2005 budget for additional source of grants for ports, and ports have the ability to also apply through ODP.

The applications are reviewed by TSA, the Coast Guard, and other expert witnesses to also apply for higher levels of funding. There is over $3 billion worth of grant money that is included in the overall Department of Homeland Security budget. So there is $46 million dedicated and another ability to apply for that larger pot, a general pot of grant money as well.

Senator BYRD. But the Administration is proposing to cut those grants by 62 percent. Why?

Admiral COLLINS. I do not know exactly the way that final pot was determined, Senator. It is about $3.4 billion, as it stands now, submitted in the President's budget. Again, we do not administer the overall money. But as I recall, $8 billion overall has been given out in grant money by the Department of Homeland Security. I might look at Admiral Stone to confirm that number, but I believe it is $8 billion overall in the past 2 years. And this represents another $3.5 billion, so a substantial amount of money, by anyone's accounting, that has been distributed to first responders and other requirements throughout the Department, including those port facilities.

Senator BYRD. I am advised that that $8 billion is for first responders, not for port security.

Admiral COLLINS. Again, over $500 million was allocated for ports and port facilities.

Admiral STONE. Yes, sir, and with regard—Senator, may——

Senator BYRD. Admiral Stone.
Admiral STONE [continuing]. I help on that, or——
Senator BYRD. Yes.

PORT SECURITY GRANT FUNDING

Admiral STONE. The comment on the $46 million for fiscal year 2005 for port security grants is indeed reflective of the Department's view that the private sector needs to step up to the plate with regard to the security at our Nation's ports.

Senator BYRD. Mr. Chairman, I hope there is some way we can get our arms around this question as to whether or not port facility owners are stepping up to the plate and investing their own resources in port security, as the secretary continues to advise as being the best way to solve this problem.

We cannot seem to come to grips with it. The secretary says port facility owners need to provide this security, rather than the Federal Government, and yet we cannot seem to find out what port facility owners are doing.

I have one more question. Do I have time to ask it, Mr. Chairman?

Senator COCHRAN. Yes, sir, as long as Senator Inouye is not inconvenienced.

Senator BYRD. Why do not I turn to Senator Inouye and let him ask——

Senator INOUYE. I have no questions.

Senator BYRD If I have time, I will ask another. Thank you.

DEEPWATER BUDGET REQUEST

The budget includes $678 million for Deepwater, the Coast Guard's program to modernize and replace its aging ships, aircraft, and communication systems. While this is a slight increase over the $668 million provided in fiscal year 2004, we believe that a significantly larger amount is needed to keep pace with the Coast Guard's homeland security mission requirements. It was conceived as a 20-year program, but the President's request only keeps the program on a 22-year schedule.

Deepwater was conceived prior to the 9/11 attacks. The intention was to ensure that the Coast Guard had the assets to maintain its overall capabilities. Following September 11th, the Coast Guard's role in protecting the homeland increased dramatically, but the Deepwater program has not been adjusted.

You state in your testimony that the Coast Guard's greatest threat to mission performance continues to be aging assets that are technologically obsolete. Why then are you only requesting enough funding to keep the Coast Guard on pace to complete Deepwater in 22 years when the majority of these assets will reach the end of their service life by 2008? Admiral Collins, please.

Admiral COLLINS. Clearly, we are pleased with the continued support that we are getting from the Administration and from Congress on Deepwater. Obviously, it is a major initiative for us. We feel very, very important. The 2005 budget does keep most of the major pieces on track for Deepwater, and I think how fast we do Deepwater at this point probably falls in the out-year category to continue to consider the flow of assets. One year, of course, of fund-

ing does not continue the total flow. It is how you program these assets over time to get on the right time line.

Again, as the operational commander, I am confronted with the dilemma to try to balance this number and try to balance it between legacy systems, or those old systems that are wearing out, and the new systems that have to replace them. And it is a dynamic process that we are going to have to collectively deal with.

My apprehension, Senator, is that it is going in the wrong direction, that the readiness part, that downward spiral phenomena is something that concerns me as an operational commander, and the ability to deliver the services. So this is a tough question that we have to continue to address.

Senator BYRD. Admiral, you have been a good soldier. You have been a good soldier. You are sticking to the Administration's request, but the Coast Guard submitted a budget request for over $1 billion to OMB for fiscal year 2005. You support the President's request, but I understand that you requested $1.1 billion to OMB for approval. What would the program time line be if your fiscal year 2005 Deepwater budget were $1.1 billion?

Admiral COLLINS. That glide slope, Senator, of course, it is more than 1 year a program makes, but that glide slope, if it was funded at that kind of rate, would be basically a 15-year program. And that is what that number, consistently applied, plus or minus a bit each year customized to the year over time, it would lead to a 15-year program.

Homeland Security Act required the Department and the Coast Guard to submit a report to Congress on the feasibility of accelerating Deepwater. That report was sent last year. It was one of the first reports from the Department that identified the feasibility of accelerating.

The requirement in the Act was to report on the feasibility and desirability of accelerating to a 10-year program and so forth.

So that particular report is a matter of record. It has been sent to the House and the Senate, and it describes this particular course of action as well, Senator.

## ADDITIONAL COMMITTEE QUESTIONS

Senator BYRD. Thank you, Senator Inouye, and thank you, Mr. Chairman. Thank you, Admiral Collins. Thank you, Admiral Stone. You are both good soldiers.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

### QUESTIONS SUBMITTED TO THE UNITED STATES COAST GUARD

### QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

#### INTEGRATED DEEPWATER SYSTEM ("DEEPWATER")

*Question.* The fiscal year 2005 budget request includes an increase of approximately $10 million, for a total of $678 million, for the Integrated Deepwater System initiative. Will the requested level of funding for fiscal year 2005 put the Deepwater program back on track to be completed within the original 20 year time-frame? If not, what level of funding would be necessary to achieve this goal?

Answer. The fiscal year 2005 budget request does not put the Deepwater Program on track to be completed within a 20-year time frame. To complete the acquisition

in 20 years, the Coast Guard estimates the Deepwater Program would require $795 million for fiscal year 2005, and assumes continued funding at this level adjusted for inflation.

*Question.* The Coast Guard is revising the Deepwater program's Mission Needs Statement (MNS) to coincide with a post September 11th environment. What is the time line for the Department of Homeland Security to approve the revised MNS and what impact will the revised MNS have on Deepwater program costs and acquisition schedule?

Answer. The Deepwater MNS has been revised and is under final review by Coast Guard leadership. Once complete, the MNS will be forwarded to the Department of Homeland Security for review and validation. A formal briefing before the Department's Joint Requirements Council (JRC) is scheduled for May 25, 2004.

As approved by DHS, the Coast Guard will engage our Deepwater system integrator to determine the most economical implementation plan for those new requirements identified in the updated MNS. Some new requirements, particularly those that emphasize DHS and DOD interoperability, will potentially lead the system's integrator to select alternate sub-systems or components in order to achieve any new requirements.

The Integrated Deepwater Systems acquisition strategy and solution remain sound. However, increased mission demands, legacy asset capability obsolescence, and deterioration in legacy asset materiel condition since 1998 have created a performance gap in both capability and capacity. The updated MNS is projected to help close this gap. The cost and schedule implications have not yet been determined. When new requirements are approved, total owner cost estimates and the out-year acquisition schedule will be modified as required.

*Question.* The fiscal year 2005 budget request for the Maritime Patrol Aircraft (MPA) is $5.3 million, a decrease of approximately $19.6 million from the fiscal year 2004 enacted level. Why is there such a decrease for a program that was significantly funded in fiscal year 2004, for which there is a contract to purchase at least four aircraft? What impact will this proposed decrease have on the MPA program? Will decreased funding for the MPA program delay the delivery of these aircraft? What impact does this have on the Deepwater program in general?

Answer. The Coast Guard is currently acquiring the CASA CN235–300M as the Deepwater medium range Maritime Patrol Aircraft (MPA). The Coast Guard does not have a contract to purchase four aircraft. The Coast Guard funded the acquisition of two MPA in fiscal year 2003 and a third in fiscal year 2004. The Coast Guard's fiscal year 2005 budget request funds the missionization of the third CASA aircraft. This missionization includes the logistic complement required for Full Operating Capability and partial spare parts used for the logistics system start up. Delivery of the first two MPAs is scheduled for 2006, with full operational capability in late 2006 or early 2007.

The Coast Guard is working to align the Deepwater Program with the strategic goals and objectives of the Department of Homeland Security (DHS). The DHS Joint Requirements Council (JRC) reviewed DHS Aviation Requirements in January 2004 at their first meeting. DHS decisions on future aviation requirements will determine the exact mix of aircraft in the Deepwater plan, at which time the funding and delivery schedule will be adjusted, if necessary.

*Question.* The fiscal year 2005 funding request for the Vertical Unmanned Air Vehicle (VUAV) is $43 million, to continue work that was funded in fiscal year 2004 on two VUAV's; however, the requested funding level is not sufficient to bring either of the two VUAV's into full operational capability. What level of funding would be necessary to make one, or both, of these VUAV's fully operational? If funding is limited, would it not be better to provide the funds required to bring one VUAV into full operation rather than to partially fund two VUAV's, as proposed in the budget?

Answer. The $50 million in fiscal year 2004 provides for detailed design of the VUAV and culminates in VUAV critical design review. The $43 million in fiscal year 2005 is for production of 2 VUAVs and associated ground control stations including developmental and operational testing. However, the fiscal year 2004 & fiscal year 2005 funding of $93 million gets the Coast Guard VUAVs that are at Initial Operating Capability (IOC). These VUAVs will not have the necessary equipment for air space de-confliction and secure data link, which is required for Full Operating Capability (FOC). The funding necessary to bring both VUAVs to FOC (includes equipment for air space de-confliction and secure data link, associated Non-Recurring Engineering (NRE), and testing) is approximately $30 million. Bringing one VUAV to FOC is not cost efficient, as the cost drivers are the design work, NRE and testing, and not the production of the aircraft itself. Additionally, two aircraft are needed for IOC testing.

*Question.* Re-engining of the HH–65 helicopter was initiated with funds appropriated in fiscal year 2004 for other aircraft programs within Deepwater. From which program lines have fiscal year 2004 funds been moved to address the re-engining of the HH–65? How much funding from each line has been reprogrammed? What impact does this shifting of funds have on those programs in fiscal year 2004? Are changes to the fiscal year 2005 budget request necessary to address the shortfalls in fiscal year 2004 funding for the programs from which funds were shifted for the HH–65 re-engining?

Answer. The fiscal year 2004 Deepwater Appropriation has a $67.7 million Program Planned Activities (PPA Line Item) for "Air Other Contracts/Legacy Sustainment." The HH–65 re-engining is an aviation legacy asset sustainment project, so it was appropriately funded from the Air Other Contracts/Legacy Sustainment PPA and no reprogramming from other PPA line items occurred.

Since the re-engining was not a planned sustainment project for fiscal year 2004, the following legacy asset sustainment projects previously planned for execution under the fiscal year 2004 Air Other Contracts/Legacy Sustainment PPA were deferred in order to fund the fiscal year 2004 portion of the HH–65 re-engining. These deferred projects include: HH–65 Landing Gear Replacement, HH–65 Integrated Radar/FLIR Upgrade, HH–65 Tail Rotor Recapitalization, HH–60 Integrated Radar/FLIR Upgrade, HH–60 Service Life Extension, C–130 APS–137 Search Radar Replacement, and C–130 Weather Radar Replacement. Additionally, HH–60 Avionics upgrade projects was funded at a level lower than planned due to the HH–65 re-engining.

The aviation legacy sustainment projects deferred in fiscal year 2004 will not require changes to the fiscal year 2005 budget to meet shortfalls. Because it is a safety and reliability concern, HH–65 re-engining remains the highest aviation legacy priority in the fiscal year 2005 President's Budget. The aviation legacy asset projects deferred in fiscal year 2004 and fiscal year 2005 are necessary and will need to be funded in the future to ensure the sustainment of those aviation legacy assets until replaced by new IDS assets but do not have the immediacy of HH–65 re-engining.

*Question.* The fiscal year 2005 budget request for the HH–65 re-engining includes $75 million for approximately 25 aircraft. Will this complete the re-engining effort? If not, what level of funding is necessary to complete the re-engining of the Coast Guard's HH–65 fleet? What is the projected time-frame for completing this re-engining project?

Answer. The $75 million in the fiscal year 2005 budget request will not complete the re-engining effort. Although the exact acquisition costs of the HH–65 re-engining will not be known until receipt of ICGS' proposal, the budgetary estimate is approximately $3 million per aircraft for a total estimated project cost of $288 million. The 25 aircraft re-engined with fiscal year 2005 funds will bring the total number of re-engined aircraft to 41, with 52 remaining to be re-engined. The required funding for the remaining 52 aircraft is approximately $156 million.

By June 2004, the Coast Guard plans to issue a Delivery Task Order (DTO) for the identified solution. The planned implementation schedule will be included as part of the final DTO. The Coast Guard estimates the re-engining of the HH–65 fleet to take approximately 24 months.

*Question.* Once the Coast Guard has modified the HH–65 helicopters and added more power to them, will all the safety and reliability problems be resolved and will you be able to take the restrictions off? If not, why not?

Answer. The HH–65 re-engining project was designed to address the safety and reliability crisis arising from accelerating frequency of power loss circumstances and restore the HH–65's operational capability. The selected solution, the TurboMeca Ariel 2C2 is expected to provide the safety and reliability required for the HH–65's multi-mission roles. Once the solution is fully implemented, the Coast Guard will be able to lift current operational restrictions.

*Question.* What is the Coast Guard's logic in using the Integrated Coast Guard Systems for the replacement project? GAO reports that it might have been faster and cheaper had the Coast Guard conducted the acquisition. Could the Coast Guard have completed this project itself?

Answer. The Coast Guard directed Integrated Coast Guard Systems (ICGS) to immediately re-engine the HH–65 after careful consideration of other procurement options for the following reasons:

—The HH–65 is a Deepwater legacy asset. The Coast Guard hired ICGS for the Deepwater project.

—Part of the re-engining requirement for safety and reliability of this Deepwater asset included maximizing operational effectiveness of Integrated Deepwater systems while minimizing total ownership cost impacts. ICGS was best suited to make that determination.

—The ICGS proposal was evaluated based upon cost, schedule and performance.
—The Coast Guard has the advantage of utilizing Deepwater's existing management and measurement systems to track cost, schedule and performance. The safety and reliability crisis dictated that the Coast Guard employ the best method to execute the re-engining project. ICGS' corporate approach brings many talents to the acquisition process (e.g. ability to negotiate volume purchase or offer premiums to more expeditiously acquire required stock of engines).

While the Coast Guard is capable of completing the project, the risk associated with removing the HH–65 re-engining project from the existing contract with ICGS to effect the MCH conversion was deemed to be unacceptably high.

*Question.* What is the relationship between the HH–65 replacement project and Deepwater? Can you provide us assurances that it won't be necessary to re-engine the HH–65 a third time?

Answer. The Coast Guard has directed that a re-engining project be immediately initiated to restore the HH–65 to unrestricted safe and reliable operations. The project is designed to address the HH–65 engine system, the engine and engine control systems, to remedy this safety and reliability crisis, and restore the HH–65's operational capability.

The HH–65 re-engining project is a separate and distinct effort from the Deepwater Multi-mission Cutter Helicopter (MCH). In the long-term, the Deepwater plan is still to convert the HH–65 to the Multi-mission Cutter Helicopter (MCH). While power increases were not the focus of this acquisition, the engine chosen, while addressing the safety and reliability concerns, also has sufficient power margins to allow for that engine to be used in the continuation of the MCH. As such, another re-engining should not be necessary.

*Question.* What appropriations are being used for the HH–65 replacement project, and how will this spending affect future spending on helicopters for the Coast Guard?

Answer. The fiscal year 2004 appropriation being used for the HH–65 engine replacement project is the "Air Other Contracts/Legacy Sustainment" Program Project and Activities (PPA) line item. This PPA line item is also projected to fund re-engining in the fiscal year 2005 President's budget request. The effect on future helicopter spending is that the price of the Multi-mission Cutter Helicopter (MCH) should decrease to reflect the fact that engine replacement will no longer be required when the HH–65 is converted to an MCH.

*Question.* What is the relationship between the HH–65 replacement project, the future Multi-mission Cutter Helicopter acquisition, and Hitron?

Answer. The HH–65 re-engining project is an effort to correct a safety and reliability concern that is separate and distinct from both the Deepwater Multi-mission Cutter Helicopter (MCH) conversion project and HITRON.

The Coast Guard directed the Deepwater acquisition program's systems integrator, Integrated Coast Guard Systems (ICGS), a partnership of Lockheed Martin and Northrop Grumman, to take immediate and definitive action to re-engine the HH–65 fleet to ensure safe and reliable operations. In the long-term, the Deepwater plan is still to convert the HH–65 to the Multi-mission Cutter Helicopter (MCH). While power increases were not the focus of this acquisition, the engine chosen, while addressing the safety and reliability concerns, also has sufficient power margins to be used with the MCH. The HITRON Airborne use of force mission is currently not a Deepwater requirement. There is, however, the potential to include this requirement under future contract modifications. The Turbomeca engine meets the anticipated airborne use of force power requirements should these become part of the future MCH mission profile.

*Question.* The fiscal year 2005 budget request includes $15 million for capability enhancements for HH–60 avionics for one aircraft. How many HH–60 aircraft are in the Coast Guard fleet? Does the Coast Guard intend to provide these capability enhancements for each HH–60? Is the anticipated cost $15 million per aircraft, or will this funding level decrease after the first avionics upgrade is completed?

Answer. There are 42 HH–60 aircraft in the Coast Guard fleet, and the Coast Guard intends to provide these capability enhancements to the avionics suite of each HH–60. The $15 million request in fiscal year 2005 is for Non-Recurring Engineering (NRE) work associated with the avionics upgrades and does not upgrade any aircraft. The total project cost to upgrade all 42 aircraft is estimated at $121 million. This amount includes: long lead material, NRE, production, and operational test and evaluation. The HH–65 re-engining project is the highest priority aviation legacy asset sustainment project. The HH–60 avionics upgrade may be deferred if these funds are required to meet an accelerated re-engining solution.

*Question.* The fiscal year 2005 budget request includes $9 million for capability enhancements for HC–130 aircraft radar in one aircraft. How many HC–130 aircraft

are in the Coast Guard fleet? Does the Coast Guard intend to provide these capability enhancements for each HC–130? Is the anticipated cost $9 million per aircraft, or will this funding level decrease after the first radar upgrade is completed?

Answer. The Coast Guard currently has 27 total HC–130 "Hercules" aircraft, 22 of which are operational while 5 are storage or support aircraft. In addition, the Coast Guard recently acquired six HC–130J aircraft, which are not fully missionized. The $9 million in fiscal year 2005 will upgrade the radar on one HC–130H and will also pay for the Non-recurring Engineering and Operational Test and Evaluation of the first upgraded aircraft. Coast Guard does intend to provide these capability enhancements for each HC–130, once funding is available. The average unit cost is approximately $3 million.

*Question.* Was the fiscal year 2004 funding for the National Security Cutter (NSC) sufficient to complete the first NSC, or will a portion of the fiscal year 2005 requested funding be needed for its completion? The fiscal year 2005 budget request for the NSC is $274.5 million. Is this funding level sufficient to complete the first and second NSC? If not, what additional funding may be necessary for completion?

Answer. The funding for the National Security Cutter (NSC) in fiscal years 2002 through 2004 is sufficient to achieve initial operating capability for the lead ship. The Coast Guard anticipates requesting additional funding in fiscal year 2006 to attain full operating capability. Based on current cost projections, the fiscal year 2005 budget of $274.5 million for the NSC will complete the second NSC through full operating capability.

*Question.* The fiscal year 2005 budget request includes $5 million for the Offshore Patrol Cutter (OPC). Is this sufficient funding to complete the design for the OPC? If not, how much funding is needed for completion of the design phase? How much is needed to begin construction? When does the Coast Guard anticipate completion of the design, beginning construction, and delivery of the first OPC?

Answer. The $5 million requested in fiscal year 2005 will be combined with the $20 million appropriated in fiscal year 2004 to continue the requirements analysis, risk assessment and composite component analysis associated with the design and development of the Offshore Patrol Cutter (OPC). Based on a current projected cost for the OPC lead ship of $330 million, completion of the design would require an additional $59 million and construction would require an additional $246 million. The originally proposed implementation plan included acquisition of the first OPC in 2012, but the Coast Guard accelerated the design of the OPC to mitigate the risk of the deteriorating condition of the Medium Endurance Cutter fleet. Once the design is complete and the projected costs are refined, a business case analysis will be conducted to determine the optimal time to start the OPC construction, factoring in the latest information on the deteriorating condition of the Medium Endurance Cutter fleet.

*Question.* The fiscal year 2005 budget request includes $60 million for the 110–123 foot conversions and the Fast Response Cutter, but the request does not specify how much funding is needed for each activity. How many 110–123 foot conversions does the Coast Guard expect to achieve in fiscal year 2005? How much funding is needed per vessel to complete a conversion?

Answer. The Deepwater Program is conducting an analysis to determine the appropriate number of 123-foot patrol boat conversions to complete prior to switching to the Fast Response Cutter. A decision is expected this fiscal year (2004), and the Business Case Analysis will be provided at that time. The unit cost for the 110-foot to 123-foot Patrol Boat conversion is approximately $8.2 million per asset.

*Question.* The design phase of the Fast Response Cutter (FRC) was started in fiscal year 2003. Does the Coast Guard anticipate completion of the FRC design in fiscal year 2005? How much funding is necessary to complete the design of the FRC? What is the anticipated completion date for the design? When does the design phase end and construction begin?

Answer. The Coast Guard anticipates completion of the Fast Response Cutter (FRC) design in fiscal year 2005. The Deepwater Program is conducting an analysis to determine the appropriate number of 123-foot patrol boat conversions to complete prior to switching to the FRC. A decision is expected in fiscal year 2004, and the Business Case Analysis (BCA) for accelerating the FRC and the number of 123 conversions will be provided at that time. Construction could begin as soon as fiscal year 2006 if supported by the BCA.

*Question.* The fiscal year 2005 budget request includes approximately $2.3 million for one Long Rand Interceptor (LRI) and three Short Range Prosecutor (SRP) small boats, but does not specify how much funding is needed for each. How much funding is necessary for one Long Range Interceptor? How much funding is necessary for three Short Range Prosecutors?

Answer. In fiscal year 2005, approximately $1.37 million will acquire the three Short Range Prosecutor small boats, and $0.92 million will acquire the Long Range Interceptor lead boat.

*Question.* The fiscal year 2005 budget request includes $12.5 million for the surface capability sustainment and enhancement of the medium endurance cutter class. This request is an increase of approximately $5.5 million over the fiscal year 2004 funding level. Please explain this increase.

Answer. This increase can be explained by the continuing deterioration of the legacy surface fleet and the subsequent need to recapitalize major subsystems to sustain their operability as projected within the Integrated Deepwater System. The $12.5 million for Surface Capability Sustainment/Enhancements in the fiscal year 2005 budget request will fund a Mission Effectiveness Project (MEP) for the Medium Endurance Cutter (WMEC) fleet. The equipment and machinery slated to be replaced (e.g., evaporator replacement; propulsion control system upgrade; oily water separator replacement; waste heat cooling system modifications; and renewal of auxiliary pumps) is geared towards extending the service life approximately 5–10 years and ensuring the WMECs will remain serviceable until they are retired.

*Question.* Funding to begin the development and design phase of command, control, communications, computer, intelligence, surveillance and reconnaissance (C4ISR), increment 2, was provided in fiscal year 2004. Will the funding request for fiscal year 2005 complete the development and design of C4ISR, increment 2? If not, how much additional funding would be required to complete this phase of development and design?

Answer. The two C4ISR increments have two design phases. The first design phase is concept and preliminary design; the second design phase is detailed design and development. The funding provided in fiscal year 2004 was for the detailed design and development for C4ISR Increment 1 (the second of the two design phases for Increment 1). The funding requested in fiscal year 2005 is for concept and preliminary design for C4ISR Increment 2. In order to complete Increment 2, the detailed design and development portion must also be funded at approximately $30 million.

*Questions.* What is the division of program management responsibility between the Coast Guard and Integrated Coast Guard Systems (ICGS)? Is the Federal Government providing management funds to ICGS? How much of the total management cost does ICGS provide? What exactly is the fiscal year 2005 budget request of $45 million for systems engineering and integration? Are program management funds included within each Deepwater line item? If so, how is the Coast Guard certain that there are not any duplications in payment to ICGS?

Answers. The Coast Guard is responsible for all Program Management including oversight of the contract with the prime contractor, which is the systems integrator in the Integrated Deepwater System (IDS) Program. The systems integrator, Integrated Coast Guard Systems, LC (ICGS) has the responsibility for Contract Management including the subcontractors that execute the contract.

The Federal Government is providing Contract Management funds to ICGS, just as it does on all major acquisitions where a systems integrator is engaged to coordinate various subcontracted elements.

Contract Management funds are provided to ICGS through the Systems Engineering and Integration delivery task order. The Coast Guard receives Program Management funding through the Government Program Management budget category. The division of the $83 million requested for these two budget items is approximately 54 percent for ICGS and 46 percent for the Coast Guard. The $45 million budget request for Systems Engineering and Integration represents approximately 8 percent of the total contract value in fiscal year 2005, and approximately 6.6 percent of the Total Capital Acquisition. It must be emphasized that the Government Program Management and ICGS Contract Management are not the same thing.

The fiscal year 2005 budget request for Systems Engineering and Integration provides for the following activities:

—System of Systems Engineering including System Architecture development, Operational Effectiveness analysis, Total Ownership Cost management, and Enterprise level requirements management.
—Enterprise level System Integration
—Enterprise level System Integrator Program Management
—Quality Assurance
—Integrated Product and Process Development
—Integrated Master Schedule maintenance and management
—Aviation, Surface Vessel, C4ISR, and Logistics System Integration at the Enterprise level
—Contract Management

Delivery orders for each Deepwater asset include appropriate funds to execute the delivery order, just as in any other government acquisition. These funds would not typically be classified as Program Management.

The Coast Guard ensures there is no duplication of payment by using detailed statements of work at both enterprise and individual asset levels to clearly distinguish between activities. Furthermore, ICGS' first tier subcontractors maintain and report via timekeeping and billing systems that are under the constant oversight of defense auditing agencies.

*Question.* The fiscal year 2005 budget request includes $38 million for government program management. Does this request fully fund all program management costs? Are additional program management costs contained within other Deepwater line items? How many people does this funding request support? Is this enough to support all of the necessary personnel to manage the program properly?

Answer. The $38 million for government program management combined with the government personnel (201 military and civilian positions) supporting the program (funded from the AC&I Personnel line item) meets the Deepwater government program management requirement in fiscal year 2005. None of the other line items support government program management. Fifty percent, or $19 million, of the $38 million in government program management provides funding for the equivalent of approximately 124 contracted support personnel. The remaining 55 percent provides funding for such items as modeling and simulation, operational test and evaluation, travel, training, studies, phones and other administrative support materials. The funding provided in the government program management line item and the Deepwater portion of the AC&I personnel line item will support the necessary personnel to properly manage the program at the requested funding level.

GAO DEEPWATER PROGRAM MANAGEMENT REPORT

*Question.* In 2001, GAO reported on risks facing the Coast Guard as it went forward on Deepwater. Just this month, GAO again reported on these same risks, in particular that key components the Coast Guard needs to effectively manage the program and provide adequate contractor oversight were either missing or not fully developed. What is the Coast Guard's response to these criticisms?

Answer. The Coast Guard is dedicated to the continuous improvement of Deepwater, welcomes GAO's expertise and guidance, and has responded to these management concerns by developing a Plan of Action & Milestones (POAM) to correct deficiencies. As part of our "partnership" with GAO we will regularly report back on the status of this POAM and seek their feedback.

The specific quote in this month's GAO Report that references their audit of 2001 states, "Concerns about the Coast Guard's ability to rely on competition as a means to control future costs contributed to GAO's description of the Deepwater program in 2001 as 'risky.' Three years later, the Coast Guard has neither measured the extent of competition among suppliers of Deepwater assets nor held the system integrator accountable for taking steps to achieve competition."

The Coast Guard has placed particular emphasis on the ability to measure performance within the scope of the program. Over twenty measurement items have been defined and measured in the approximate 20 months that ICGS has been under contract. Additional measures are in the process of being defined and measured. This effort continues to evolve as the program identifies measures and data sources and as the system components mature from design to production, fielding, and disposal.

All of the Integrated Deepwater System items in the first 5 years of the contract were fully competed as part of the competition between the three industry consortiums led by Litton/Avondale Industries, Science Applications International Corporation, and Lockheed Martin Naval Electronics and Surveillance Systems. Going forward from contract award, the Deepwater Program has included Competition as a factor for determining if the contract should be approved for another term and how long that term should be. The measures for Competition being proposed for adoption include:

—Percentage of awards competed;
—Minimizing the number of teaming agreements;
—Number of advertisements publicizing supplier registration;
—Number of vendor outreach programs; and
—Percentage of first tier subcontracts that incorporate the intent of the Federal Acquisition Regulation clause 52–244.5 "Competition in Subcontracting."

The Coast Guard's systems integrator, ICGS, has also adopted the Open Business Model, initially a Lockheed Martin philosophy, as an official policy for ensuring com-

petition. The process ensures full, continuous, and open analysis of supplier alternatives throughout the program's execution.

—This approach entails obtaining proposals/quotes from two or more qualified suppliers, and then balancing the cost, quality and delivery of the components after the qualified suppliers have been identified to provide the required components. This model provides the flexibility to capture commercial technology when needed, and it is projected to provide better performance at equal or lower cost.

—The Open Business Model has been approved by the ICGS Board of Directors and is applicable to all Deepwater transactions.

—To enforce these regulations, ICGS has appointed a Competition Advocate and Ombudsman tasked to draft implementation procedures for regular reporting to ICGS.

—Visits by the ICGS Competition Advocate are also planned with Deepwater's industry partners to examine "make/buy" decisions and competition practices.

In addition to the issue of competition, the Coast Guard is diligently incorporating GAO's recommendations, as well as other best-business practices, into its operating procedures. The Coast Guard is actively addressing those management practices not in place, and is improving and maturing processes for those that are already in existence. The following is a summary of recommendations by GAO for executive action and the Coast Guard's mitigation strategies:

—Improve Deepwater program management—take the necessary steps to make Integrated Product Teams (IPTs) effective; ensure adequate staffing is addressed as outlined in the human capital plan (HCP), and ensure operators and maintenance personnel are prepared for the transition to new Deepwater assets.

  —We have clarified IPT roles and responsibilities over the past 20 months and are improving processes to attain full competency for each IPT.

  —The personnel funding account did not allow for additional personnel in fiscal year 2004. Several key military billets have been civilianized and military personnel have been brought onboard out of cycle.

  —The HCP will be updated and necessary training billets will be budgeted in sync with the fiscal year 2006 budget cycle.

  —ICGS has recently added representatives at the key maintenance and logistics sites to act as the POC for all maintenance coordination issues.

—Improve contractor accountability by improving award fee criteria, award fee assessments, system integrator accountability for IPT effectiveness in award fee determinations, Total Ownership Cost (TOC) baseline measuring cost, and criteria for TOC baseline adjustments.

  —We are addressing our processes for evaluating the contractor's performance. Five specific areas of performance were evaluated during the first term. Strict adherence to Federal Acquisition Regulations (FAR) was an overriding principle in all accounts.

  —The contractor award fee score is much lower than typical industry averages. We are confident that the Award Fee level was fair and represented an accurate assessment of contractor performance.

  —Objective measures are being introduced into the award fee process.

  —The Performance Measurement Plan, and in particular the Balanced Scorecard (BSC) Strategy Map clearly articulate how the objectives of the program's BSC identify input, process, and output measures that provide leading indicators of Operational Effectiveness, Total Ownership Cost, and customer satisfaction. BSC metrics continually measure the status of the program and allow for early course corrections if required. Deepwater, as the largest Performance-based acquisition in the Federal government is firmly anchored to metrics and can demonstrate its value to the taxpayer while meeting our customer's requirements.

  —The program has taken a proactive approach to contractor assessment to ensure that course corrections and adjustments can be made before the Award Term assessment in year four, prior to the end of the first term. An 18-month performance assessment was completed on February 23, and approved on March 4.

—Facilitate cost control through competition with system integrator accountability for competition among second tier suppliers.

  —For subcontracts over $5 million, notification to the Coast Guard is required, to include an evaluation of the alternatives considered, if ICGS subcontracts out to Lockheed Martin and/or Northrop Grumman.

  —The Open Business Model, initially a Lockheed Martin philosophy, is now official ICGS policy and is applicable to all Deepwater transactions. To ensure compliance, ICGS has appointed a Competition Advocate and Ombudsman,

who is drafting implementation procedures for regular reporting to ICGS and will examine Make/Buy and competition practices.

—The program will put additional processes in place to ensure competitive forces are being used to manage costs. An annual independent third party review of transactions will be conducted. The Agency Acquisition Executive will review any subcontract over $5 million awarded to Lockheed Martin or Northrop Grumman.

—A review of ICGS' application of their Open Business Model vis a vis accountability for ensuring competition will be included in the Award Term Evaluation and measured diligently as discussed earlier.

*Question.* Similarly, GAO has reported that while competition is critical to controlling Deepwater program costs, the Coast Guard does not have a system to measure the extent of competition among suppliers of Deepwater assets nor has it held the system integrator responsible for taking steps to achieve competition. What is the Coast Guard's response to these criticisms?

Answer. All of the Integrated Deepwater System nominated items in the first 5 years of the contract were fully competed as part of the competition between the three industry consortiums led by Litton/Avondale Industries, Science Applications International Corporation, and Lockheed Martin Naval Electronics and Surveillance Systems. The Coast Guard, the DOT, and the Office of Federal Procurement Policy through review and approval of the Request for Proposal indicated that this was appropriate competition for the first award term.

In the current phase of the Deepwater contract the Deepwater Program, based on GAO's recommendations, has now included competition as a factor for determining if the contract should be approved for another term and how long that term should be. The measures for competition being proposed for adoption include:

—Percentage of awards competed;

—Minimizing the number of teaming agreements;

—Number of advertisements publicizing supplier registration;

—Number of vendor outreach programs; and

—Percentage of first tier subcontracts that incorporate the intent of the Federal Acquisition Regulation clause 52–244.5 "Competition in Subcontracting."

The Coast Guard's systems integrator, ICGS, has also adopted the Open Business Model, initially a Lockheed Martin philosophy, as an official policy for ensuring competition. The process ensures full, continuous, and open analysis of supplier alternatives throughout the program's execution.

—This approach entails obtaining proposals/quotes from two or more qualified suppliers, and then balancing the cost, quality and delivery of the components after the qualified suppliers have been identified to provide the required components. This model provides the flexibility to capture commercial technology when needed and it is projected to provide better performance at equal or lower cost.

—The Open Business Model has been approved by the ICGS Board of Directors and is applicable to all Deepwater transactions.

—To enforce these regulations, ICGS has appointed a Competition Advocate and Ombudsman tasked to draft implementation procedures for regular reporting to ICGS.

—Visits by the ICGS Competition Advocate are also planned with Deepwater's industry partners to examine "make/buy" decisions and competition practices.

SMALL BOAT STATIONS

*Question.* What challenges are small boat stations facing in balancing search and rescue requirements with new homeland security requirements?

Answer. Broadly, the Coast Guard will continue seeking the appropriate balance among all its mission-programs while relentlessly pursuing our stated performance goals. In so doing, the Coast Guard will continue to focus not only on activity levels (hours), but also on achieving the desired outcomes for each Coast Guard mission. Our ability to achieve desired outcomes and performance goals have been significantly enhanced through improved technology, tactics and procedures making our activities that much more effective. Risk-based decision-making by local commanders will continue to be the primary driving factor behind the specific activity levels (hours) accrued in the course of Coast Guard operations.

At the Station level, the biggest challenges in balancing search and rescue (SAR) and homeland security (HLS) requirements are training and maintaining the 68-hour workweek standard. There are two primary factors that will improve training while maintaining the 68-hour workweek standard at Stations: formal training programs and experienced command cadre. In fiscal year 2003 and fiscal year 2004, the

President and Congress provided funding for the Coast Guard to improve both areas.

*Formal Training.*—The Coast Guard's goal is to increase Boatswain Mate "A" school throughput by 50 percent over the next 4 years. We have also increased recurring proficiency requirements giving qualified boat crewmembers more opportunities to practice necessary skills. In addition, we have increased the throughput at our resident training centers for Small Boat Coxswains, Heavy Weather Coxswains, and Surfmen removing some of the training burden from the field units.

These formal training opportunities provide a strong basic foundation for junior personnel. This strong foundation allows the command cadre to spend less time teaching basic fundamentals and more time teaching job specific tasks.

*Experienced Command Cadre.*—The Coast Guard used many of the new billets provided by the President and Congress to upgrade senior command cadre billets. Additional support billets were also provided at both Stations and Groups to relieve the command cadre of administrative burdens. These actions were focused on improving management and leadership, and providing more time for the command cadre to conduct training. Once all of the new billets are filled this year and personnel are qualified in their assignments, we anticipate improved training and reductions in the average workweek.

*Question.* What impact have the additional homeland security requirements had on the small boat stations' ability to meet other mission requirements, such as drug interdiction and fisheries enforcement?

Answer. Immediately following 9/11, the Coast Guard surged resources for homeland security activities. Over the past 2 years, the President and Congress have funded the Coast Guard with additional resources to address homeland security and all other mission requirements.

As required by Congress, some of these initiatives supported Station-level staffing, training, boat standardization, and readiness for all missions. Other initiatives were geared specifically toward the search and rescue program. The Coast Guard will continue to monitor the operating tempo and workload at Stations, and we will work within the Administration if additional resources are necessary. We will also use all of the resources as intended by the Congress.

*Fishery Enforcement.*—Stations continue to contribute significantly to the Coast Guard fishery enforcement mission. In fiscal year 2002, Stations conducted 974 fisheries enforcement boardings. In fiscal year 2003, Stations conducted 1,313 fisheries enforcement boardings, a 35 percent increase over fiscal year 2002 levels. These boardings contribute the Coast Guard's domestic fishery program goals.

*Counter-Drug Operations.*—The Coast Guard's overall counter-drug strategy is to interdict drugs offshore, far from the U.S. border. Coast Guard Cutters and Aircraft are primarily used for conducting these offshore patrols, however, Stations continue to respond to both counter-drug and migrant incidents when necessary.

*Question.* Given the increased operating tempo of small boat stations following September 11th, do stations have the resources—i.e. staff and boats—they need to fulfill all their mission needs? What additional resources, if any, are most needed?

Answer. In fiscal year 2003 and fiscal year 2004, the President and Congress provided funding for Stations to maintain a high level of service in a busy operating environment. Funding was provided for the Coast Guard to add or upgrade over 900 billets at Stations and the training and support facilities that serve them. Additionally, over $5.5 million of Personal Protective Equipment was provided for Station personnel with earmark and supplemental funding. Over 200 Response Boat—Smalls were also funded increasing operational capability. As required by Congress, these initiatives supported Station-level staffing, training, and readiness for all mission areas.

The President and Congress have also provided substantial funding since 9/11 specifically for homeland security. The Coast Guard has used some of this funding to purchase seventeen additional 87 foot Coastal Patrol boats, 13 Maritime Safety and Security Teams, and over 100 Sea Marshals. These new assets have helped reduce the high operating tempo observed at Stations immediately following 9/11. The President's fiscal year 2005 budget requests operating funds for five 179-foot Patrol Coastals providing additional resources to the Coast Guard.

The Coast Guard will continue to monitor the operating tempo and workload at Stations, and we will work with the Administration if additional resources are necessary.

*Question.* Inspector General reports have raised concerns about the lack of senior personnel available at boat stations in recent years to train new, or more junior personnel. As Coast Guard increases the number of new personnel assigned to stations in fiscal year 2004, what impact will this have on stations operations, including the ability of senior personnel to train less experienced staff?

Answer. In fiscal year 2003 and fiscal year 2004, the Coast Guard addressed the impact of senior personnel having to train less experienced staff by upgrading many senior command cadre positions, providing additional administrative support to Stations, and assigning additional staff to Groups.

These actions are focused on improving management and leadership, and reducing the administrative burden on the command cadre. In addition, we have increased the throughput at our resident training centers to remove some of the training burden from the field units. The Coast Guard continues assessing the impact of these changes to determine what actions, if any, are needed in the future.

The following highlights specific training efforts discussed above:

—Established one Ready Boat-Small Standardization (STAN)/Training Team to improve training, professionalism and performance.

—Added a dedicated course developer/writer/instructor to Training Center Yorktown Coxswain "C" School.

—Added Surfman Apprentices to the National Motor Life Boat School (NMLBS) to reduce the training burden at surf stations and increase the number of qualified Surfmen.

—Added 41 FTP for Boatswain Mate (BM) 'A' School throughput increases.

—Added 18 FTP for NMLB School Training throughput increases.

*Question.* What steps has the Coast Guard taken to address the issue of its aging 41-foot utility boat fleet, which is reaching the end of its service life?

Answer. The Coast Guard's fiscal year 2005 funding request includes $12 million to begin a limited production of six Response Boats-Medium (RB–M). The RB–M is the replacement for the aging 41-foot utility boat fleet. After initial limited production, the Coast Guard currently projects $140 million in additional funding needs for RB–M in the Five Year Capital Investment Plan, which accompanied the President's fiscal year 2005 Budget request for Coast Guard.

*Question.* What progress has the Coast Guard made in standardizing its non-standard boat fleet?

Answer. Since fiscal year 2002, the Coast Guard has ordered 255 Response Boat—Smalls. A large majority of these boats were purchased to enhance the Coast Guard's maritime homeland security capability in critical ports; however, some have been purchased to replace non-standard boats. By the end of fiscal year 2004, approximately 100 of the 350 total Non-Standard Boats will be replaced. We expect to replace approximately 12 percent per year thereafter until full replacement in fiscal year 2010.

PORT SECURITY ASSESSMENTS

*Question.* Is the Coast Guard on track to complete the Port Security Assessments of the 55 most critical ports in the United States by the end of this calendar year? Are additional funds necessary to complete these assessments?

Answer. The Coast Guard has conducted PSAs at 16 of the 55 top economically and militarily strategic U.S. ports. The remaining 39 port assessments are on schedule, funded and scheduled for completion in calendar year 2004.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

*Question.* Please explain the approximately $1.4 million decrease in requested funding for the Coast Guard's research, development, test and evaluation account?

Answer. Prior year CG Research & Development (R&D) appropriations included project funds in addition to operating costs of the CG R&D Center at Avery Point, CT. The $13.5 million requested in the fiscal year 2005 Science and Technology (S&T) budget does not include any project funds; the request is intended to fund only facility and personnel (support and technical) costs at the CG R&D Center. This level is consistent with prior year costs and does not represent a decrease given its intent.

The fiscal year 2004 enacted level of $14.9 million was a significant reduction from the fiscal year 2004 request of $22 million and prior year appropriations causing a fiscal year 2004 imbalance between support costs (facility and personnel) and project funding with only approximately $2 million available for fiscal year 2004 project support. The CG is working with S&T to restore a proper funding balance in fiscal year 2005 and beyond and to develop a project portfolio that supports the many maritime security needs as well as the CG's "traditional" non-security mission-programs. Additional project funding will be critical to properly support mission needs and regain the R&D momentum lost in fiscal year 2004, particularly in areas such as Aquatic Nuisance Species and ballast water research. S&T and the CG have already agreed upon a base level of additional project funding in the amount of $5

million (for a total of $18.5 million) that will be targeted toward non-security related projects including maritime science and research.

*Question.* Will this line item for Coast Guard research and development continue to be decreased in subsequent fiscal years until there is one lump-sum research and development account within Science and Technology for all of the agencies at the Department of Homeland Security?

Answer. No. The Science and Technology Directorate (S&T) and Coast Guard (CG) are preparing a formal agreement that will detail the coordination and funding mechanisms for future CG Research & Development (R&D) capabilities. The foundation for that agreement is the consolidation of funding requested in the fiscal year 2005 budget ($13.5 million). S&T and the CG have further agreed upon a base level of additional project funding in the amount of $5 million that will be specifically targeted toward non-security related projects including maritime science and research. This funding will support CG mission-programs such as Marine Environmental Protection, Living Marine Resources, Search and Rescue, Aids to Navigation and Marine Safety. The specific projects in support of these mission-programs will be prepared annually for S&T concurrence.

In addition to this $18.5 million in funding, the Coast Guard will submit security-related research requests through S&T for coordination across all portfolios and DHS components. The Coast Guard has submitted a maritime security R&D portfolio detailing approximately $50 million in vital maritime security research initiatives. This portfolio has been validated by S&T portfolio managers and will be considered in the development of future spending priorities and commitments from S&T. Project funding levels for CG and other DHS component requests will depend on the risk and cost associated with the project, effect on agency missions, linkage to S&T strategic objectives, and executability.

*Question.* How will consolidating the research and development account into the Science and Technology Directorate affect the Coast Guard in general, in terms of control over research projects of particular interest to the Coast Guard and access to all ongoing research at the Department?

Answer. Through its portfolio manager at S&T, the CG will have direct access to, and visibility of, all S&T research and initiatives. While funding will be provided through S&T, the CG will retain control of the projects in support of its non-Security mission programs. The integration of funding and effort will go far to minimize redundancy and maximize the effectiveness of Coast Guard R&D while ensuring that all Coast Guard mission requirements remain a key part of S&T planning and resource decisions.

*Question.* How will this consolidation directly affect the Coast Guard Research and Development Center in Groton, Connecticut?

Answer. Unrelated to the funding consolidation, the CG is working through the GSA to relocate its Research and Development Center from Groton to a nearby, although not yet identified, location in southeastern Connecticut. The lease for the current facility expires in fiscal year 2006 and cannot be renewed. Even if the current lease could be renewed, the existing facility is unsatisfactory (e.g. not meeting OSHA code requirements) for a variety of reasons and would not be renewed.

Science & Technology (S&T) has no current plans to make other changes to the location or personnel staffing levels of the CG Research & Development (R&D) Center.

ALTERATION OF BRIDGES

*Question.* Since the fiscal year 2004 funding did not complete the ongoing bridge projects, how does the Coast Guard intend to continue and begin to complete certain bridge projects without additional funds in fiscal year 2005?

Answer. The Coast Guard's Alteration of Bridges request is zero in fiscal year 2005, because the three bridges currently under construction: the Florida Avenue Bridge in New Orleans, Louisiana; the Sidney Lanier Bridge in Brunswick, Georgia; and, the Limehouse Bridge, in Charleston County, South Carolina, are highway or combination highway/railroad bridges, and are eligible for funding from the Federal Highway Administration's Federal-Aid Highway program. Additionally, there are five bridge projects with completed designs for alteration: the Burlington Northern Santa Fe Bridge in Burlington, Iowa; the Burlington Northern Santa Fe Bridge in Fort Madison, Iowa; the Chelsea Street Bridge in Boston, Massachusetts; the EJ&E Bridge in Divine, Illinois; and, the CSXT (14 Mile) Bridge in Mobile, Alabama. These projects will not proceed to construction until approximately 75 percent of the total estimated cost to alter the bridge is available.

*Question.* If no additional funding is provided in fiscal year 2005 for the Alteration of Bridges, what will happen to the ongoing bridge projects?

Answer. Depending on construction progress and the rate at which billings are made against the projects, the funding for any one of three bridges currently under construction: the Florida Avenue Bridge in New Orleans, Louisiana; the Sidney Lanier Bridge in Brunswick, Georgia; and, the Limehouse Bridge, in Charleston County, South Carolina, may be depleted. At least 30 days prior to depletion of funds, the Coast Guard would give written notice to the bridge owner of such exhaustion of funds, consistent with the "Order of Apportionment of Cost". After receipt of such notice, the owner may continue the work with the understanding that no payment for such work will be made by the Coast Guard until additional Federal funds become available. If the owner elects not to bear the costs, the project would likely have to come to a halt, resulting in contract disruption, increased contractual costs, and the bridge potentially remaining a hazard to navigation.

In addition, the remaining 11 bridges, for which an Order to Alter has been issued, will not proceed to the next phase of development. The following table provides a summary of the status of all active Truman-Hobbs bridge alteration projects.

**TRUMAN-HOBBS ORDER TO ALTER (O to A) PROJECT STATUS**

| BRIDGE NAME | RIVER/LOCATION | YEAR O to A | A/E | DESIGN | BID | ALTER |
|---|---|---|---|---|---|---|
| FLORIDA AVENUE | Inner Harbor Nav. Canal New Orleans, LA | 1992 | ■ | ■ | ■ | ■ |
| SIDNEY LANIER | Brunswick River Brunswick, GA | 1991 | ■ | ■ | ■ | ■ |
| JOHN F. LIMHOUSE | Stono River Charleston Co, SC | 1994 | ■ | ■ | ■ | ■ |
| BURLINGTON NORTHERN & SANTE FE | Upper Mississippi River Burlington, IA | 1991 | ■ | ■ | ■ | |
| BURLINGTON NORTHERN & SANTE FE | Illinois River Fort Madison, IA | 1992 | ■ | ■ | | |
| CHELSEA STREET | Chelsea River Boston, MA | 1992 | ■ | ■ | | |
| EJ&E RR | Illinois Waterway Divine, IL | 1995 | ■ | ■ | | |
| 14 MILE (CSXT) | Mobile River Mobile, AL | 1999 | ■ | ■ | | |
| BNSF RR | GIWW Galveston, TX | 2001 | ■ | | | |
| UNION PACIFIC RR | Illinois River Pekin, IL | 1996 | | | | |
| IOWA & MONTANA RAIL | Upper Mississippi River Sabula, IA | 1996 | | | | |
| UNION PACIFIC RR | Upper Mississippi River Clinton, IA | 1996 | | | | |
| GATEWAY WESTERN RR | Upper Mississippi River Louisiana, MO | 1997 | | | | |
| CANADIAN PACIFIC RR | Upper Mississippi River LaCrosse, WI | 1998 | | | | |

*Question.* Could the Coast Guard be forced, by a court of law, to complete bridge projects which had been started because the bridges were deemed to be an obstruction to navigable waters by law?

Answer. Although litigation is a possibility, the Coast Guard does not have authority to fund bridge alteration absent a specific appropriation from Congress. Therefore, the Coast Guard does not believe a court could force it to complete a bridge project, absent an appropriation. Also, the bridge owner cannot claim to have relied on the Coast Guard funding any amount of the project above the amount specified in the Order of Apportionment of Cost. The Order of Apportionment of Cost further states: "Should it become apparent that appropriated funds will be exhausted before additional funds are made available, the Coast Guard will give at least 30 days written notice to the bridge owner of such exhaustion of funds." After receipt of such notice, the owner may continue with the work with the understanding that no payment for such work will be made by the Coast Guard until additional Federal funds become available. Since Congress placed the program under the Coast Guard's control in 1967, no bridge owner has filed a lawsuit to compel the Coast Guard to complete a bridge alteration project, because no project has been halted for lack of funding.

OIL PLATFORMS

*Question.* How much does the Coast Guard spend each year conducting emergency medical evacuations of personnel from oil platforms located in the Gulf of Mexico? Does the energy industry share any of this cost? If not, at what point should the energy industry bear some of the cost and personnel burden to perform the medical evacuations of their employees?

Answer. The Coast Guard is unable to determine how much it spends each year conducting emergency evacuations to oil platform employees. Many of the medical evacuations from oil platforms are persons injured aboard vessels and brought to nearby platforms for evacuation. The Coast Guard proposes this action when practicable, as it is often safer to land on the platform to load the patient for transport than it is to hoist the individual from a vessel, especially in poor sea conditions. The Coast Guard does not record medical evacuation information distinguishing between oil platform employees and persons injured at sea who were brought to the platform.

Industry normally shares the cost when an injury occurs on an oil platform and an industry supported or procured commercial helicopter at the platform, or at a nearby platform, provides transportation to medical facilities ashore. If a commercial helicopter is not available, or is unable to fly due to poor weather conditions, the Coast Guard generally provides the medical evacuation.

Medical evacuations from oil platforms make up a small percentage of cases in this region. In the past 12 months, the Coast Guard has conducted a total of 200 medical evacuations in that region, 13 of which were from oil platforms. A medical evacuation at sea is considered search and rescue, a traditional Coast Guard mission. The Coast Guard does not charge or accept charges for search and rescue.

Lastly, on a purely voluntary basis, the oil platforms have allowed Coast Guard helicopter to refuel at their platforms, which greatly extends the range of the HH–65. This "good Samaritan" refueling ability pays huge dividends, making Coast Guard operations possible at much greater distance from shore.

*Question.* Are any critical Coast Guard missions set-aside or overlooked in favor of medical evacuations from the oil platforms in the Gulf of Mexico? How many man hours are devoted to this task?

Answer. No, there are no missions that are set-aside or overlooked in favor of medical evacuations from oil platforms. The Coast Guard performs a small number of medical evacuations from oil platforms. In the past year, only 13 of the 200 medical evacuations that occurred in this region were from oil platforms.

In most cases, when an injury occurs on an oil platform an industry supported or procured commercial helicopter at either the platform or at a nearby platform provides the transportation to medical facilities ashore. However, in the event a commercial helicopter is not available, or poor weather conditions preclude the use of commercial helicopters, the Coast Guard will be contacted and will dispatch a resource to provide the medical evacuation depending upon the seriousness of the injury. A medical evacuation at sea is considered SAR and is a critical Coast Guard mission.

The Coast Guard is unable to determine the man-hours devoted to evacuating oil platform employees. Many of the medical evacuations are persons injured aboard vessels and brought to nearby platforms for evacuation. The Coast Guard proposes this action when practicable, as it is often safer to land on the platform to load the patient for transport than it is to hoist the individual from a vessel, especially in poor sea conditions. The Coast Guard does note record medical evacuation information distinguishing between oil platform employees and persons injured at sea who were brought to the platform.

Lastly, on a purely voluntary basis, the oil platforms have allowed Coast Guard helicopter to refuel at their platforms, which greatly extends the range of the HH–65. This "good Samaritan" refueling ability pays huge dividends, making Coast Guard operations possible at much greater distance from shore.

GULF COAST MARITIME DOMAIN AWARENESS INITIATIVE

*Question.* There is a concern in the Gulf of Mexico with Maritime Domain Awareness, as well as the need for developing a Common Operating Picture for offshore energy facility security and protection of key port and critical infrastructure. What are the Coast Guard's plans to help address this concern?

Answer. The Coast Guard will install Automatic Identification System (AIS) sensors on platforms that span the Gulf of Mexico from Port Isabel to Mobile, AL. Partnerships will be created with the platform owners to begin collecting AIS data by the end of fiscal year 2004. Plans for the second phase of this project include adding radar and ancillary sensors. All sensor data will be integrated into the Common Operational Picture (COP) that will be displayed at the Eighth District Command

Center in New Orleans, the Joint Harbor Operations Centers, and Sector Command Centers along the Gulf Coast.

Further technological enhancements already planned to improve interoperability and coordination include Rescue 21, implementation of the Global Maritime Distress and Safety System (GMDSS), and the Ship Security Alert System.

Partnerships and teaming efforts are in place to create a community of stakeholders with resources to help prevent security incidents in ports and around platforms. Working through the Area Maritime Security Committee (AMSC), a part of the Gulf Security Committee, we are improving communication among offshore platform operators and the Coast Guard. Outreach efforts with Homeland Security and Homeland Defense partners to create coordinated response procedures are being devised.

*Question.* Does the Coast Guard support using existing technologies, such as the Navy's Littoral Surveillance System, to demonstrate potential dual use Homeland Security applications to help support the mission?

Answer. The Coast Guard fully supports using existing technologies to expand Maritime Domain Awareness where appropriate. We are evaluating several existing technologies to expand MDA, including the Littoral Surveillance System (LSS). Other systems under review include Network Centric Collaborative Targeting (NCCT) and Global Network-Centric Surveillance and Targeting (GNCST).

Part of the Coast Guard's MDA effort includes the development and fielding of a Common Operational Picture (COP). The COP operates with the Global Command and Control System—Joint architecture. Any systems adopted for homeland security, must be interoperable and compatible with this architecture.

Overall, the LSS provides limited capability when compared to other systems and it is not currently compatible with the Global Command and Control System-Joint Architecture. There are other systems that provide greater capability, such as, the planned Gulf of Mexico project (which includes a NCCT component) and the Hawkeye system that provide port surveillance and tracking functionality. The Coast Guard is partnering with the Office of Naval Research to work on these initiatives.

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QUESTIONS SUBMITTED BY SENATOR TED STEVENS

*Question.* The Trans-Alaska Pipeline System provides 20 percent of the Nation's domestic crude oil and 48 percent of the West Coast fuel supply through the Port of Valdez. Does the Coast Guard have adequate armed helicopter surveillance to protect the vessels moving through the Prince William Sound? If the Coast Guard is intends to arm MH–60 helicopters with M–240 machine guns and sniper rifles, how will this be achieved without negatively impacting the missions that these assets are performing?

Answer. The Coast Guard does not currently have armed helicopter surveillance of vessels moving through Prince William Sound. The Coast Guard conducted a surge operation, during a period of increased national threat (orange) to the Homeland, to protect tankers moving thru Prince William Sound (PWS) and in and out of Valdez, AK. The Coast Guard deployed a MH–68 Helicopter Interdiction Tactical Squadron (HITRON) helicopter to CG Air Facility Cordova. This short-term deployment was in response to validated intelligence and not to an increase in the national threat level.

The Coast Guard is also taking additional measures to protect vessels transiting Price William Sound. Since 9/11/01, three response boats have been located to Valdez. In August of 2003, the cutter LONG ISLAND was relocated from San Diego, CA to Valdez, AK. Additionally, a Marine Safety and Security Team will be established in Anchorage later this year.

The Coast Guard's long-term plan is to add Airborne Use of Force (AUF) capability to all organic helicopters. Arming HH–60 helicopters doesn't detract from their ability to conduct all USCG missions. Rather, it provides Coast Guard operational Commanders an additional capability to counter imminent homeland security threats that currently does not exist in the service's main-stream helicopter fleet.

*Question.* Alaska is slated to receive a Maritime Safety and Security Team (MSST) by the end of fiscal year 2004. Will this team require armed helicopter support for its missions?

Answer. Currently there are no plans for mandating that the Maritime Safety and Security Team (MSST) have dedicated armed helicopter support to perform their missions. The Coast Guard recognizes the inherent advantage of Airborne Use of Force (AUF) and is exploring this in conjunction with the development of enhanced law enforcement counter terrorism capabilities. The Coast Guard requests $1.8 million for armed helicopters in fiscal year 2005 to begin prototyping AUF aboard the

HH60J helicopters in Cape Cod, MA. The intent is to arm all Coast Guard helicopters in the future. The HH65 helicopter will require upgraded engine power to accommodate the increased weigh of AUF weapons and armor, which should be accomplished coincident to a safety and reliability upgrade of the powertrain over the next 18–24 months. The HH–60J has sufficient power margins to execute the AUF mission now. HH60J units are located strategically throughout the United States, including Kodiak and Sitka, Alaska.

*Question.* What steps is the Coast Guard taking to ensure that necessary support facilities are available for the forward deployment of C–130s to Shemya, Galena, or Cold Bay during the high threat season along the MBL?

Answer. The Coast Guard regularly deploys C–130 aircraft to Shemya and Galena for Maritime Boundary Line (MBL) and High Seas Drift Net (HSDN) enforcement patrols. Similarly, HH–60 aircraft deploy to Cold Bay for Bering Sea Crab for Search and Rescue (SAR) standby. These airfields are also used periodically outside these deployments. All three airfields are vital to mission performance.

The Coast Guard has found the facilities to be adequate over the last several years. During regular deployments to these airfields, Coast Guard aircrews evaluate the support facilities and work with the air facility directly to address these issues. Prior to deploying, facility assessments are conducted ensuring all requirements are met for the upcoming deployment.

*Question.* The City of Valdez is currently in the process of completing a feasibility study for constructing a new harbor basin. Does the Coast Guard have shore side infrastructure needs that should be incorporated into the City of Valdez's plan?

Answer. The Coast Guard has shore side and waterfront infrastructure needs in Valdez for small boat forces and the USCGC LONG ISLAND; a 110-foot patrol boat. The Coast Guard is currently evaluating shore infrastructure alternatives at Valdez to meet current and projected needs including construction on existing Coast Guard property, as well as possible integration into the City of Valdez Harbor Basin Project should the City of Valdez decide that a new harbor basin is feasible. The Coast Guard will consider the timeliness and overall cost of the various alternatives and related impacts to current and projected Coast Guard missions prior to deciding on a preferred alternative.

*Question.* The fiscal year 2005 Homeland Security budget request provides $152,000 to begin implementation of the Maritime Transportation Security Act of 2002 (MTSA) in Alaska. Will the Coast Guard's implementation of the MTSA require commercial fishing vessels and other vessels over 65 feet to purchase Automatic Identification System equipment?

Answer. Yes. Automatic Identification System (AIS) equipment will eventually be required onboard commercial vessels greater than 65 feet in length with the exception of passenger vessels certified to carry less than 151 passengers-for-hire (they will not be required to carry AIS). AIS will also be required onboard towing vessels of 26 feet or more in length and more than 600 horsepower, in commercial service, while navigating in a Vessel Traffic Service (VTS) area. With the exception of fishing vessels greater than 65-feet in length, the above vessels will be required to have AIS equipment not later than December 31, 2004. Fishing vessels greater than 65 feet in length will not be required to carry the AIS equipment until December 31, 2005.

*Question.* The fiscal year 2005 budget for Homeland Security transfers the Coast Guard's research and development funding to the Science and Technology Directorate. The fiscal year 2005 budget proposes to reduce Coast Guard RDT&E to $13,500,000, a reduction of $1,400,000 from fiscal year 2004 enacted levels. What impact will this reduction and transfer have on the Coast Guard's ability to develop new technologies to help maintain traditional missions in accordance with Section 888 of the Homeland Security Act?

Answer. The Science and Technology Directorate (S&T) and CG are preparing a formal agreement that will detail the coordination and funding mechanisms for CG R&D capabilities in fiscal year 2005 and beyond. The foundation for that agreement will be the consolidation of funding requested in the fiscal year 2005 budget. For fiscal year 2005, the CG R&D center facility, personnel and maintenance expenses will be funded through S&T in the amount of $13.5 million. In addition, S&T and the CG have agreed upon a base level of additional project funding in the amount of $5 million that will be specifically targeted to support "traditional" CG mission-programs such as Marine Environmental Protection, Living Marine Resources, Search and Rescue, Aids to Navigation and Marine Safety. The specific projects in support of these mission-programs will be prepared annually for S&T concurrence.

In addition to this $18.5 million in funding, the Coast Guard will submit security-related research requests through S&T for coordination across all portfolios and DHS components. The Coast Guard has submitted a maritime security R&D port-

folio detailing approximately $50 million in vital maritime security research initiatives. S&T portfolio managers have validated this portfolio. While not yet funded, it will be considered in the development of future spending priorities and commitments from S&T.

Provided that CG mission requirements totaling $18.5 million are adequately addressed and funded, the integration of funding and effort within S&T will go far to minimize redundancy and maximize the effectiveness of CG R&D while ensuring that all CG mission requirements, as outlined in Section 888 of the Homeland Security Act, remain a key part of S&T planning and resource decisions.

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## QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

### MISSION HOURS

*Question.* Based on the most recent quarterly report on mission hours, the Coast Guard continues to dedicate less time to traditional missions compared to pre-September 11, 2001 levels. However, the Coast Guard continues to meet or exceed performance goals in those areas. What are the reasons for maintaining or exceeding performance standards in non-homeland security mission areas when mission hours dedicated to those areas have decreased since September 11, 2001? Please include specific technology that has improved performance, improved intelligence mechanisms, and efforts to partner with other Federal, State and local partners that have improved performance.

Answer. Based on measurements in fiscal year 2003, the Coast Guard met its performance goals in each non-homeland security program area. In many mission program areas the Coast Guard is leveraging emerging technology, intelligence, and partnerships with other Federal, State and local governments to increase or maintain specific performance with fewer dedicated resource hours than historical standards. Specific examples include:

*Emerging Technologies.*—Night Vision Goggles used by cutter, aircraft and maritime safety and security team personnel allow for safe operations and enhanced ability to detect objects in the water during nighttime Search and Rescue operations. Self Locating Datum Marker Buoys used in the search and rescue program provide up to date data that can be used to better determine where to begin a search. The Coast Guard intends for this technology to improve both search effectiveness and efficiency. Boarding officers and marine inspectors are using Personal Digital Assistants (PDAs) to conduct and record their work. The Coast Guard expects that using PDAs will reduce redundant paperwork and facilitate electronic database entries.

*Intelligence Improvements.*—The placement of Field Intelligence Support Teams to provide tactical intelligence support to Coast Guard operational commanders by collecting and reporting suspicious or criminal activity, communicating with other agencies at the local level, and rapidly disseminating intelligence to the Captain of the Port other local commanders and the Coast Guard intelligence program. New Intelligence Centers were created in 2003; two Maritime Intelligence Fusion Centers have been sited in Atlantic and Pacific Areas. These centers increase collection and analytical capabilities enhancing the Coast Guard's ability to fuse intelligence from various sources and improve the timeliness and quality of theater-level intelligence support to Coat Guard operational forces. In 2001 the Coast Guard joined the United States Intelligence Community (IC), a federation of executive branch agencies and organizations that work separately and together in intelligence-gathering activities.

*Partnerships.*—Interagency Flight Schedules—In Miami, the Coast Guard and the Immigration and Customs Enforcement office have developed a combined flight schedule to integrate patrol schedules and assets, which has led to less overlap in response efforts, saving time and resources for both agencies. This not only provides efficiencies to security patrols but also frees up Coast Guard assets for non-homeland security missions. Partnerships with organizations such as the U.S. Power Squadron and Boat United States enable the Coast Guard to distribute information on safe boating practices to the recreational boating public. These efforts also advocate for public boating education, which has been shown to lead to improved boating safety. The National Marine Fisheries Service is providing the Coast Guard access to their National Vessel Monitoring System (N–VMS) data, enabling the Coast Guard to better maintain surveillance of fishing fleets and respond to illegal activity. This partnership is allowing the Coast Guard to allocate enforcement resources more effectively.

*Question.* The Commandant testified that with the budget increases received since fiscal year 2003 and with the increase included in the fiscal year 2005 request, the Coast Guard will be close to levels in place before September 11, 2001 in its traditional mission areas. Since the Coast Guard is already meeting or exceeding performance goals in traditional mission areas with less hours dedicated to those missions, is the Coast Guard adjusting performance goals upward to accommodate for the additional hours that will be dedicated to those areas? If so, please be specific. If not, why?

Answer. The Coast Guard will continue to seek the appropriate balance among all its mission-programs and relentlessly pursue our stated performance goals. The Coast Guard will continue to focus not only on activity levels (hours) but also on achieving the desired outcomes for each Coast Guard mission. Our ability to achieve desired outcomes and performance goals can be significantly enhanced through improved technology, tactics and procedures making our activities that much more effective. Risk-based decision-making by local commanders will continue to be the primary driving factor behind the specific activity levels (hours) accrued in the course of Coast Guard operations.

The Coast Guard's fiscal year 2005–2009 budget request highlights improvements in performance targets for most of the Coast Guard's non-homeland security missions, again driven by desired outcomes and not solely resource hours. For example:

| | Fiscal year | | | | |
|---|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| SAR (percent) | 86 | 87 | 87 | 87 | 88 |
| Marine Environmental Protection | 40 | 40 | 38 | 37 | 35 |
| Aton | 1,831 | 1,748 | 1,664 | 1,600 | 1,535 |

SAR—Percent of mariners whose lives are in distress that are saved.
Marine Environmental Protection—Number of spills (>100 gallons) per 100 million.
Tons of Oils and Chemicals shipped.
Aton—5-year average number of collision, groundings, and allisions (striking a fixed object).

OPERATION NOBLE EAGLE

*Question.* Since the attacks of September 11, 2001, the U.S. military has been providing domestic air support for homeland defense purposes. In public discussions, NORTHCOM General Ralph Eberhart said that the Department of Defense was reviewing whether there should be a similar function in place to support Coast Guard efforts in U.S. waters. Is such a plan being discussed with the Coast Guard and what benefits would be gained from U.S. military support?

Answer. Collaboration continues to grow in the area of Maritime Domain Awareness. Several steps have been taken toward establishing a cohesive national strategy to achieve Maritime Domain Awareness, such as establishing a Navy-Coast Guard steering group and the co-sponsoring of an Assistant Secretary of Defense of Homeland Defense—DHS National Maritime Domain Awareness Summit scheduled for May 7, 2004. Maritime Domain Awareness is a mutual effort of the DHS, the DOD, and the entire Intelligence Community. Inherent to our increased awareness will be efforts to improve our national ability to respond to all threats in the maritime environment. Much work has been done to streamline the process of providing DOD assets to the Coast Guard when the situation warrants. These efforts are ongoing and have not yet been fully implemented. Also, an agreement that will allow Coast Guard forces to execute defense missions quickly is close to implementation. Both of these initiatives contribute to a growing integration of effort between the DHS and DOD. Together, NORTHCOM, the U.S. Navy, and the U.S. Coast Guard, Immigration and Customs Enforcement, Customs and Boarder Protection, and Transportation Security Administration are working collaboratively to fashion a more secure maritime environment for the nation.

SUPPORTING EFFORTS IN IRAQ

*Questions.* The fiscal year 2004 supplemental appropriations act provided $80 million to the Coast Guard for continued operations in Iraq. The Coast Guard currently maintains four 110 foot patrol boats, a port security unit, and other support personnel for operations in Iraq. There are approximately 375 personnel dedicated to Operation Iraqi Freedom.

What is the monthly cost to support and operate these assets? When will the $80 million provided in the fiscal year 2004 supplemental be depleted? The Secretary testified earlier this year that there will not be a supplemental spending request this year for the Department. Will the Coast Guard be able to cover operational ex-

penses related to assets dedicated to Operation Iraqi Freedom in fiscal year 2004? If Coast Guard assets are needed to maintain support for Operation Iraqi Freedom in fiscal year 2005, what will the total cost be to operate and support those assets?

Answer. The average monthly cost to support and operate Coast Guard Assets funded via the 2004 Emergency Supplemental Appropriation supporting the Global War on Terrorism is approximately $6.7 million per month.

The $80 million provided to the Coast Guard in the fiscal year 2004 Emergency Supplemental, via transfer from the Navy, will be completely obligated by September 30, 2004.

The Coast Guard will be able to cover current operational expenses related to missions, assets and personnel dedicated to the Global War on Terrorism (including Operation Iraqi Freedom and Operation Enduring Freedom) in fiscal year 2004.

At the current level of Coast Guard participation in term of assets and personnel requirements, the Coast Guard estimates it will cost between $95 million to $105 million to operate and support the Global War on Terrorism (including Operation IRAQI FREEDOM and Operation ENDURING FREEDOM) in fiscal year 2005. The Coast Guard is continuing to work with the Department of Defense and the Department of Homeland Security to further refine fiscal year 2005 mission tasking in support of the Global War on Terrorism and the overall resources required to support these operations.

DEEPWATER AWARDS TO PRIME CONTRACTORS

*Questions.* According to a recent report by the General Accounting Office, the Coast Guard does not have the capability to assess the performance of the Deepwater program. Yet, the Coast Guard awarded the prime contractors with a $4.0 million bonus for work accomplished in the first year of the contract based on an 87 percent rating. The ICGS received this rating despite schedule delays, such as the delivery of the 123 foot cutter, which was delayed by 4 months. The schedule for the Maritime Patrol Aircraft has slipped as well.

The Department of Defense recently renegotiated the contract for the USS Dwight D. Eisenhower so that the prime contractor will receive its bonus only if the project is completed on time and meets specified targets. (1) Would the Coast Guard be willing to consider this approach for the Deepwater contract? (2) What benefits do the taxpayers receive by awarding bonuses to the contractor before the work is completed and when specific targets have not been met? (3) What benefits do the taxpayers receive if the contractor receives performance bonuses only if the project is completed on time and meets specified targets?

Answers. Would the Coast Guard be willing to consider this approach for the Deepwater Contract?

Yes—in fact, Deepwater has adopted part of this approach already in the structure of the Award Term incentive. ICGS is only able to earn additional award term periods if deliveries are timely. For instance, in order to earn an additional 5 award term, they must receive a performance rating of "excellent." Under the award term plan an "excellent" rating is defined as: The Contractor's overall performance record strongly supports its ability to manage risks and actually deliver as planned.

At this time, the award fee that is tied to certain Delivery Task Orders is being revised to focus more on schedule as compared to the earlier award fee criteria. One feature of this incentive for an award fee early in the contract to help reinforce the partnership approach, which has been identified as a "Best Practice." To wait until the contract delivered a product before providing an incentive was judged as not keeping with the intent to build a partnership early on between industry and the government. The targets for the award fee that was cited in the GAO report was an annual award fee for System Engineering and Integration.

(2) What benefit does the taxpayer receive by awarding bonuses to the contractor before the work is completed and when specific targets have not been met?

Incentives for contractors serve many purposes. One purpose of incentives is to motivate the contractor to focus on contractor performance/behavior at critical times in the contract. One dimension of the IDS contract incentive approach is to focus on partnership between the Coast Guard and ICGS.

(3) What benefit does the Taxpayer receive if the contractor receives performance bonuses only if the project is completed on time and meets specified targets?

The benefit that the taxpayer receives is that the contactor receives incentives only if the project is completed on time and meets specified targets, is the best-case scenario. However, in a different scenario where the contractor is behind on schedule and cannot make up the time, this creates a situation where there is no additional incentive for the contractor to try to make the delay as short as possible. In this scenario, the contractor will, at the time, be working only to the exact letter

of the contract specifications, not to the spirit of a partnership to reach mutually agreeable results. At that time, any situation in which the government has even partial responsibility will be seized on by the contractor to initiate a contract claim; a claim that could have potentially been avoided if an incentive was still in place. This is the reason that the IDS contract strategy contains two types of incentives:

—*Specific Short-Term Award Fee.*—Results in a short-term (usually 1-year period) award fee. This provides a dollar amount award fee based on an Award Fee Determination is usually targeted at very specific performance for the period.

—*Long-Term Award Term.*—Results in a longer term evaluation and in the case of IDS, the term evaluation period is for the first 5 years and is determined during the last year. This incentive, which if awarded, is for another award term from 1 to 5 years allowing the contractor to keep performing under the contract for the period of time awarded. The following four factors are included in the Award Term Assessment:

—Operational Effectiveness
—Total Ownership Cost
—Customer Satisfaction
—Competition

If deliveries occur late, that performance will be reflected in Total Ownership Coast and Customer Satisfaction. If specific targets are not met, then Operational Effectiveness and Customer Satisfaction will reflect that Performance.

If there is a continuation of late deliveries, the Deepwater Program, which is measuring the schedule, will reflect that in it's Award Term Assessment and the Award Term could be adjusted accordingly; from zero to five additional years under the contract. Again, if ICGS complete all other assets on time and meets all required targets, the Award Term Assessment would reflect this overall performance and balance the achievement of the rest of the deliverables with these start up delays.

By continuing both short and long-term incentives, along with robust performance measuring, Deepwater has the tools and methodology in place to appropriately manage this Performance Based Acquisition, yet respond to any changes in DHS priorities and changes in funding.

With respect to GAO's comments, the following is provided:

—GAO states the Coast Guard does not have the capability to assess the performance of the Deepwater Program. The Coast Guard does have the capability to assess performance. As stated in the GAO report, the Coast Guard assessed the performance for the first year to be 87 percent; since then we have documented and evaluated ICGS' logistics system at 79 percent and their service in providing HITRON at 90.6 percent. The process for assessment does need improvement and more objectivity, which the Coast Guard is currently implementing.

—The award fee that was cited was for the first year's System Engineering and Integration and was not for the 123-foot cutter or the Maritime Patrol Aircraft.

—Delaying any incentive until an approximate 20-year program is complete would not allow the government to recoup the benefit of having incentives consistently provided at smaller intervals of time.

DEEPWATER MANAGEMENT

*Question.* As GAO states in its recent report on the management of the Deepwater program, the two first tier subcontractors have sole responsibility for determining whether to hold competitions for Deepwater assets or to provide these assets themselves. The GAO said that the Coast Guard does not have the mechanism in place to hold the contractor accountable. What is the Coast Guard doing to ensure that future contract decisions are made on a competitive basis?

Answer. The Deepwater Program, working with GAO, is now including additional competition factors for determining if the contract should be approved for another term and the length of a subsequent term. The measures for competition being proposed for adoption include:

—Percentage of awards competed;
—Minimizing the number of teaming agreements;
—Number of advertisements publicizing supplier registration;
—Number of vendor outreach programs; and
—Percentage of first tier subcontracts that incorporate the intent of the Federal Acquisition Regulation clause 52–244.5 "Competition in Subcontracting."

The Coast Guard's systems integrator, ICGS, has also adopted the Open Business Model, initially a Lockheed Martin philosophy, as an official policy for ensuring competition. The process ensures full, continuous, and open analysis of supplier alternatives throughout the program's execution.

—This approach entails obtaining proposals/quotes from two or more qualified suppliers, and then balancing the cost, quality and delivery of the components after the qualified suppliers have been identified to provide the required components. This model provides the flexibility to capture commercial technology when needed, and it is projected to provide better performance at equal or lower cost.
—The Open Business Model has been approved by the ICGS Board of Directors and is applicable to all Deepwater transactions.
—To enforce these regulations, ICGS has appointed a Competition Advocate and Ombudsman tasked to draft implementation procedures for regular reporting to ICGS
—Visits by the ICGS Competition Advocate are also planned with Deepwater's industry partners to examine "make/buy" decisions and competition practices.

DEEPWATER ESTIMATES

*Question.* How much would be required in fiscal year 2005 to put the Deepwater program on track for completion in 20 years as originally planned? Please provide the outyear costs to meet a 20 year schedule. Provide estimates for completion in 15 years and 10 years as well.

Answer. This is a complex, multi-variable equation, and as such developing comprehensive systems-wide analysis on various levels is challenging. The table below is based on an approximate total acquisition cost of the IDS project scoped out prior to 9/11 at approximately $12 billion (in 1998 dollars).

| | | | |
|---|---|---|---|
| Est. fiscal year 2005 funding level | $1,892 | $1,105 | $795 |
| Est. number of years | 10 | 15 | 20 |
| Est. completion date | 2011 | 2016 | 2021 |
| Notes: | | | |

The estimated number of years to complete represents a rough order of magnitude estimation. These estimates will be impacted by the materiel condition of legacy assets, deterioration trends, evolving Coast Guard missions/demands within DHS and fluctuation in funding over the life of the project.

The estimated completion date assumes funding begins in 2002 and ends in year depicted. Actual full implementation is approximately 2 years after end of procurement.

The estimated funding level for 20 and 15 years are in 2005 dollars and assume continued funding at this level adjusted for inflation.

The estimated funding level for 10 years is in 2005 dollars and assumes the cash flows as provided in the March 07, 2003 Report to Congress on the feasibility of accelerating IDS.

*Question.* For each asset planned to complete the Deepwater program, provide the total cost for each asset a functional description of the use of each asset, and the number of each asset the Coast Guard currently plans to acquire.

Answer. A table is shown below which includes the number and projected unit cost for each major asset the Coast Guard plans to acquire through the Integrated Deepwater System acquisition program.

[Dollars in millions]

| Assets | Lead Asset(s) Projected Cost | Lead Asset(s) Qty | Average Projected Follow-on Cost | Follow-on Qty |
|---|---|---|---|---|
| National Security Cutter (NSC) [1] | $475 | 1 | $265 | 7 |
| Offshore Patrol Cutter (OPC) [1] | 330 | 1 | 175 | 24 |
| Fast Response Cutter (FRC) [1] | 78 | 1 | 40 | 57 |
| 123′ (110′ to 123′ Conversion) | 16.5 | 1 | 8.2 | [2] 48 |
| Maritime Patrol Aircraft (MPA) | 145 | 2 | 33 | 33 |
| Vertical Take-off & Landing Unmanned Air Vehicle (VUAV) | 138 | 2 | 5.3 | 66 |
| Multi-mission Cutter Helo (MCH) | 82 | 1 | 6.2 | 92 |
| Vertical Take-off & Landing Recovery & Surveillance Aircraft (VRS) | 110 | 2 | 15.0 | 32 |
| High Altitude Endurance Unmanned Air Vehicle (HAE–UAV) | In accordance with the original IDS implementation plan, the HAE–UAV will be leased starting in fiscal year 2016 using Operating Expense Funding based on the ICGS Implementation Plan. The lease will provide approximately 16,100 hours of surveillance per year at an approximate cost of $4,000 per hour in fiscal year 2002 dollars. The average annual cost per year is approximately $64.5 million in fiscal year 2002 dollars. | | | |

[1] Includes DHS Capability for CBR (Chemical, Biological and Radiological) capability, interoperability with DHS and other Government Agencies (OGAs), selected counter measures and protection from certain terrorist weapons.

[2] The number of 123′ conversions will be decided based on the Business Case Analysis (BCA) currently underway on when to shift to the Fast Response Cutter (FRC).

At full implementation, the Integrated Deepwater System comprises three classes of new cutters and their associated small boats, a combination of new and upgraded fixed-wing manned aircraft, a combination of new and upgraded helicopters, and both cutter-based and land-based unmanned air vehicles (UAVs). All of these highly capable assets will be linked with state-of-the-art Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) systems, and will be supported by an integrated logistics regime. The following are functional descriptions of each asset listed above.

Upon departure for patrol, each NSC and OPC will be outfitted with the small boat package and aviation detachment most appropriate for that particular patrol. These cutters will have the capability to deploy with two MCHs or four VTOL Unmanned Air Vehicles (VUAVs) or a combination of these. Additionally, the NSC and OPC will be able to land, launch, hangar, service, and replenish the VTOL Recovery and Surveillance (VRS) helicopter.

Fast Response Cutters (FRCs) can be deployed independently in support of law enforcement, port security, search and rescue, and defense operations missions. Typical missions include near-shore fisheries, choke point interdiction, barrier patrols, and providing a show of presence in areas of concern.

The 123-foot Patrol Boat is a modification of the 110-foot Island-Class Patrol Boat. The renovation extends the length 13 feet to allow for the installation of a stern boat launch—enhancing small boat launch and recovery. The renovation includes a new superstructure and pilothouse, including a 360-degree bridge for increased visibility and a large increase in available deck space. The renovation also includes upgrades to the C4ISR suite to provide for increased capabilities in communications, detection and prosecution.

The Multi-Mission Cutter Helicopter (MCH) is an upgraded version of the legacy short-range recovery helicopter, the HH–65. The HH–65 will undergo a Service Life Extension Plan (SLEP) that will yield a like-new aircraft. The MCH will assist in the missions of search and rescue, enforcement of laws and treaties, as well as maritime homeland security missions.

The CASA CN 235–300M (Maritime Patrol Aircraft) is a transport and surveillance, fixed-wing aircraft that will be used to perform search and rescue missions, enforce laws and treaties including illegal drug interdiction, marine environmental protection, military readiness, and International Ice Patrol missions, as well as cargo and personnel transport. It can perform aerial delivery of search and rescue equipment such as rafts, pumps, and flares, and it can be used as an On Scene Commander platform.

The AB–139 VRS (Vertical Take-off and Landing Recovery and Surveillance Aircraft) is proposed as the Integrated Deepwater System medium-range recovery aircraft, and would begin introduction in 2014. These helicopters will be used as medium range responders for offshore operations, and can provide shore-based aviation surveillance capability.

The Bell HV–911 "Eagle Eye" Vertical Takeoff and Landing Unmanned Aerial Vehicle (VUAV) is a low maintenance shipboard deployable unmanned aircraft. The VUAV will allow the Coast Guard to extend the surveillance, classification and identification capability of its major cutters through its speed, range, and endurance. This asset will be used for maritime homeland security, search and rescue missions, enforcement of laws and treaties including illegal drug interdiction, marine environmental protection, and military preparedness.

The proposed High Altitude Endurance Unmanned Air Vehicle (HAE–UAV), Northrop Grumman's RQ–4A Global Hawk, will bring even further capability to the Coast Guard aviation solution. Providing an air solution that is built on speed and endurance, the HAE–UAV can get on-site quickly with an air speed up to 400 knots. With its 12,500 nautical mile range and 38 hour endurance combined with satellite and line-of-sight communication links to other air and surface platforms and operations centers ashore, the Global Hawk from a height of 65,000 feet can use its high-resolution sensors to conduct surveillance and monitoring operations in adverse weather conditions, day or night, over an area about the size of Illinois in 24 hours. HAE–UAVs will possess the ability to transmit data and other imagery to shore-based Command and Control (C2) centers as part of the Common Operational Picture (COP).

*Question.* Provide the total cost that will be required for prime contractor program management in fiscal year 2005 and over the life of the Deepwater contract.

Answer. The table below provides enacted appropriation history for the Integrated Deepwater System (IDS) from fiscal year 2002 through fiscal year 2004, including Total Capital Acquisition and Systems Engineering and Integration (prime con-

tractor program management). The table also provides the funding at the President's Budget for fiscal year 2005, and projections for the outyears until the acquisition is built out.

[In Millions of Dollars]

| Fiscal year | Total capital acquisition | System engineering & integration |
|---|---|---|
| 2002 | 320.2 | 53.9 |
| 2003 | 474.9 | 43.4 |
| 2004 | 664.3 | 41.9 |
| 2005 | 678.0 | 45.0 |
| 2006 | [1] 688.8 | [3] 41.8 |
| 2007 | [1] 700.6 | [4] 40.4 |
| 2008 | [1] 713.2 | [4] 38.7 |
| 2009 | [1] 726.0 | [4] 37.4 |
| 2010 | [2] 739.8 | [4] 37.0 |
| 2011 | [2] 753.9 | [4] 38.0 |
| 2012 | [2] 768.2 | [4] 38.4 |
| 2013 | [2] 782.8 | [4] 37.0 |
| 2014 | [2] 797.7 | [5] 36.9 |
| 2015 | [2] 812.8 | [5] 38.2 |
| 2016 | [2] 828.2 | [5] 38.9 |
| 2017 | [2] 844.0 | [5] 40.1 |
| 2018 | [2] 860.0 | [5] 39.7 |
| 2019 | [2] 876.4 | [5] 39.6 |
| 2020 | [2] 893.0 | [5] 40.0 |
| 2021 | [2] 910.0 | [5] 40.7 |
| 2022 | [2] 927.3 | [5] 41.6 |
| 2023 | [2] 944.9 | [5] 39.3 |
| Total | ..... | 887.9 |

[1] Then Year Dollars provided in the Coast Guard's Capital Investment Plan.
[2] Then Year Dollars, based on the final year of Capital Investment Plan, inflated using a 1.9 percent inflation factor.
[3] Systems Engineering & Integration amount based on proposal prices provided in June 2002.
[4] Then Year Dollars based on Systems Engineering & Integration amount proposal prices provided in June 2002 and then inflated using OMB/USCG Non-pay Inflation.
[5] Then Year Dollars based on Systems Engineering & Integration amount proposal prices provided in June 2002 and then inflated using a 1.9 percent inflation factor from 2014 through 2023.

DEEPWATER PATROL BOATS

*Question.* The Deepwater contract with the Integrated Coast Guard Systems (ICGS) calls for the modification and conversion of 49 110 foot patrol boats to 123 foot patrol boats. According to the Coast Guard, the number of 123 foot conversions may change based on an ongoing Business Case Analysis on when to shift to the Fast Response Cutter (FRC).

What is the timeline to complete this analysis and how will it affect resources appropriated to date and requested in fiscal year 2005?

Answer. The Business Case Analysis on accelerating the acquisition of the Fast Response Cutter (FRC) is expected in fiscal year 2004. The results of the Business Case Analysis will not affect resources appropriated to date or requested for fiscal year 2005. The Coast Guard will use this analysis to assist in determining the appropriate number of 123-foot patrol boat conversions, while accelerating the FRC as appropriated in the IDS Patrol Boat Line item.

SECURITY PLANS FOR VESSELS AND PORT FACILITIES

*Question.* To meet the requirements of the Maritime Transportation and Security Act (MTSA), vessel owners and port facility owners were required to submit security plans to the Coast Guard for review and approval by December 31, 2003.

How many vessel and port facility owners failed to submit a security plan? How many penalties have you levied against non-compliant companies? How many plans have you sent back for revisions? Based on the plans that have been submitted to the Coast Guard, what is being learned about the security needs of vessels and port facilities?

Answer. As of April 7, 2004, the Coast Guard has issued Notices of Violation to 95 vessels and 66 facilities. Each of those violations was for failing to submit a completed security assessment and has a $10,000 civil penalty associated with it. Subsequently, the Coast Guard has issued civil penalties in the amount of $25,000 (addi-

tional) to four of these facilities for failing to submit a completed security plan. These penalties were based on violations of 33 CFR Section 104.410 for vessels and 33 CFR Section 105.410 for facilities.

The Coast Guard is following a three-step process to review and approve facility security plans. The first-step is a broad overview, the second-step is a detailed review, and the third-step is an on-site inspection. On-site inspections have just recently commenced. Plans may require revision during any stage of review or inspection.

The Coast Guard is following a two-step process to review and approve vessel security plans. The two stages are similar to the first two stages used for facility plans, but there is no on-site inspection required. Also like facilities, vessel security plans may require revision during either stage of review.

As of April 7, 2004, the Coast Guard had received 9,250 vessel security plans. Of the total vessel security plans received, 1,884 are being revised. The Coast Guard Marine Safety Center is currently engaging these vessel owner/operators to ensure these vessels meet the July 1, 2004 deadline.

As of the same date, the National Plan Review Center had received 3,181 facility security plans. Of the total facility security plans received, 383 are being revised. The Coast Guard National Plan Review Center is currently engaging these facility owners and/or operators to ensure these facilities meet the July 1, 2004, deadline.

The Coast Guard has two concerns as plans are being reviewed: (1) Assessment Reports required to go forward with the plans are often too abbreviated and may require the COTP to read the entire assessment prior to going forward with approval; and (2) regulations do not require a layout of the facility which would help the plan reviewers. The latter issue can be worked around with overhead images and prior submissions from the facility that have layouts.

*Question.* When Secretary Ridge testified before this subcommittee in February, he said that he believes port facility owners should bear most of the financial burden to harden security at our seaports. What evidence do you have that these owners are stepping up to the plate and investing their own resources in port security?

Answer. The Federal Government is bearing most of the financial burden to harden security at our seaports. Department of Homeland Security spending on port security increases by $224 million (13 percent) in the President's Budget, from $1,661 million in 2004 to $1,885 million in 2005. Within the 2005 total is $1,675 million for Coast Guard port, waterway, and coastal security activities, including over $100 million to implement the Maritime Transportation Security Act (MTSA). The DHS port security total also includes $164 million in U.S. Customs and Border Protection for the Container Security Initiative and the Customs Trade Partnership Against Terrorism, and $46 million in the Office for Domestic Preparedness for port security grants.

Port facility owners must also do their share. The owners/operators of these regulated facilities realize that they must be fully compliant with approved facility security plans by July 1, 2004 or face suspension of operations. All indicators are that they are working hard in preparation to meet the enforcement date. As of March 23, 2004, 3,205 facilities have submitted security plans to the National Plan Review Center in Kansas City, KS. This represents approximately 99 percent of the facilities required to submit plans. In addition to preparing their plans, facility owner/operators are purchasing and installing physical security equipment and providing training to their personnel. Coast Guard inspectors are observing improved access control and personnel monitoring, fencing, security patrols, and signage during facility security spot checks conducted in conjunction with other required visits.

AUTOMATIC IDENTIFICATION SYSTEM

*Question.* The Maritime Transportation Security Act, which President Bush signed on November 25, 2002, requires vessels entering U.S. ports to have an automatic identification system (AIS) on board by the end of 2003 that will identify the ship, the size of the ship and the type of cargo on the ship when they arrive at U.S. ports. Congress appropriated $24 million in fiscal year 2004 to install towers at selected ports and to initiate a plan to create a nationwide system for all major seaports. Your fiscal year 2005 request includes only $4 million to continue this effort. The Coast Guard indicates that by the end of fiscal year 2004, only 9 seaports will be able to receive AIS signals from vessels entering our ports. Of the 9 seaports, how many will have full AIS coverage?

Answer. By December 31, 2004, all nine ports will have full AIS capability installed as part of their Vessel Traffic Service (VTS) system:

—New York

—Houston/Galveston

—San Francisco
—Puget Sound (Seattle-Tacoma)
—Prince William Sound (Valdez)
—St. Marys River (Sault Ste. Marie, MI)
—Berwick Bay (Louisiana)
—Lower Mississippi River (New Orleans)
—Los Angeles-Long Beach

In addition, the Coast Guard is already operating basic (primarily receive-only) AIS installations in the following locations:

—Miami and Florida Keys
—Long Island Sound (Groton, CT)
—Hampton Roads (Norfolk, VA)

By the end of CY 2004, the Coast Guard intends to have established additional AIS capability (primarily receive-only, but possibly more robust) at additional locations nationwide. These sites will be determined based on a variety of criteria, including the expected density of AIS-equipped vessels in the area, existing command and control capability to put the data to use, compatibility and support for the more extensive and capable system currently in the planning stages, and coordination with other needs and assessments. These sites will include use of offshore NOAA and other buoys and may include some non-recurring investment in satellite capability. A more detailed plan will be available by June 2004.

*Question.* The Coast Guard indicated that a contract award to implement a nation-wide system would be made by the end of fiscal year 2004 or early fiscal year 2005. Is that information still accurate? If the $4 million requested in fiscal year 2005 were approved, how many additional ports would be outfitted with AIS technology?

Answer. The Coast Guard is currently developing a nationwide implementation plan for AIS consistent with Coast Guard and Department of Homeland Security requirements associated with major systems acquisitions. We anticipate awarding a contract for this initiative in late fiscal year 2004 or early fiscal year 2005. In the meantime, we intend to deploy interim AIS capability in several ports during fiscal year 2004. By December 31, 2004, the following ports will have full AIS capability installed as part of their Vessel Traffic Service (VTS) system:

—New York
—Houston/Galveston
—San Francisco
—Puget Sound (Seattle-Tacoma)
—Prince William Sound (Valdez)
—St. Mary's River (Sault Ste. Marie, MI)
—Berwick Bay (Louisiana)
—Lower Mississippi River (New Orleans)
—Los Angeles-Long Beach

In addition, the Coast Guard is already operating basic (primarily receive-only) AIS installations in the following locations:

—Miami and Florida Keys
—Long Island Sound (Groton, CT)
—Hampton Roads (Norfolk, VA)

Interim sites will include use of offshore NOAA and other buoys and may include some non-recurring investment in satellite capability. A more detailed plan will be available by June 2004.

The $4 million requested in fiscal year 2005 will be used to continue building out the nationwide AIS system. Once the Acquisition Project Baseline is developed, a total project cost estimate will be known and we will be able to provide an estimate of the number of additional ports that will be outfitted with AIS technology. It is important to note that each port will have unique requirements so there will be no standard AIS cost per port.

RESEARCH & DEVELOPMENT

*Question.* Section 307 of the Homeland Security Act requires a joint agreement between the Under Secretary of the Science & Technology directorate and the Commandant on R&D spending for the Coast Guard. The Homeland Security Act specifies 10 percent of funding for the Homeland Security Advanced Research Projects be spent on Coast Guard related mission areas. Last year, the Committee was notified that the "Coast Guard is working with DHS to develop processes and policy for compliance with Section 307 of the Homeland Security Act." Has a policy been developed to comply with Section 307 of the Act?

Answer. No. Subsequent to the Coast Guard reply cited, DHS and CG legal counsel advised that without a specific (Homeland Security Advanced Research Project Agency) HSARPA appropriation, no funds are statutorily designated to be set aside for CG related mission areas as outlined in Section 307. Although the Homeland Security Act provides authorization to do so (Figure 1), there have been no funds appropriated specifically for HSARPA since enactment of the Homeland Security Act. HSARPA is not a line item in the S&T budget. Rather, funds have been appropriated toward a number of specific portfolios organized generally by threat. It has evolved into an execution means by which S&T will award competitive, merit-reviewed grants, cooperative agreements or contracts to public or private entities to meet S&T requirements.

Nonetheless, the Science and Technology Directorate (S&T) and CG will develop a formal agreement that will detail the coordination and funding mechanisms for CG R&D capabilities in fiscal year 2005 and beyond. This agreement will not be limited to HSARPA but rather the interaction of the Coast Guard/Maritime portfolio with all the executing arms of S&T (e.g. HSARPA, Office of Research and Development (ORD), etc).

"(2) Authorization of Appropriations.—There are authorized to be appropriated $500,000,000 to the Fund for fiscal year 2003 and such sums as may be necessary thereafter.

"(3) Coast Guard.—Of the funds authorized to be appropriated under paragraph (2), not less than 10 percent of such funds for each fiscal year through fiscal year 2005 shall be authorized only for the Under Secretary, through joint agreement with the Commandant of the Coast Guard, to carry out research and development of improved ports, waterways and coastal security surveillance and perimeter protection capabilities for the purpose of minimizing the possibility that Coast Guard cutters aircraft, helicopters and personnel will be diverted from non-homeland security missions to the ports, waterways and coastal security mission."

FIGURE 1.—EXCERPT FROM SECTION 307 OF HOMELAND SECURITY ACT

*Question.* For fiscal year 2005, the Department proposes to move funding for Coast Guard R&D to the Science & Technology (S&T) directorate. The S&T request includes $13.5 million to operate the Coast Guard's R&D Center in Groton, CT and an additional $5 million for R&D activities for a total of $18.5 million. In addition to this funding, how will the Coast Guard benefit from S&T research? What specific technologies are being explored to support the Coast Guard's mission?

Answer. Through its portfolio manager at S&T, the CG will have direct access to, and visibility of, all S&T research and initiatives. The integration of funding and effort will go far to minimize redundancy and maximize the effectiveness of Coast Guard R&D while ensuring that all Coast Guard mission requirements remain a key part of S&T planning and resource decisions. For example, S&T has provided $7.1 million of fiscal year 2003/2004 funds for support of a project in South Florida exploring communications, sensors, data fusion concepts, and modeling and simulation (Project Hawkeye). The integration of these technologies provides improved maritime security for Miami and Port Everglades while providing a rapid prototyping prelude to potential Coast Guard-wide installations.

As stated, S&T has also agreed upon a base level of project funding of $5 million that will be specifically targeted toward non-security related projects including maritime science and research. This funding will be designed to support CG mission-programs such as Marine Environmental Protection, Living Marine Resources, Search and Rescue, Aids to Navigation and Marine Safety. The specific projects in support of these mission-programs will be prepared annually for S&T concurrence.

In addition to the $18.5 million in funding cited, the Coast Guard will submit security-related research requests through S&T for coordination across all portfolios and DHS components. The Coast Guard has submitted a maritime security R&D portfolio detailing approximately $50 million in vital maritime security research initiatives. While not yet funded, this portfolio has been validated by S&T portfolio managers and will be considered in the development of future spending priorities and commitments from S&T. As the lead Federal agency for maritime security, the CG is being afforded an important role within S&T to construct and help prioritize research and development needs in the maritime domain.

HH–65 HELICOPTER

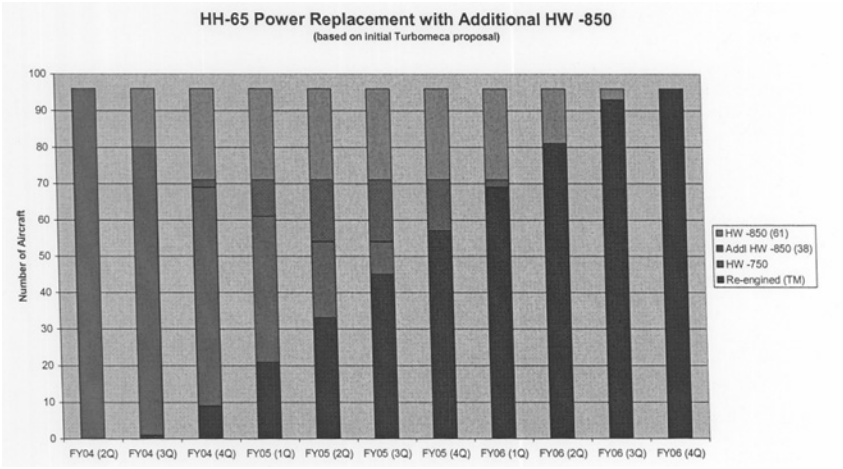
*Question.* The Coast Guard is currently in the process of purchasing LTS–101–850 engines for the HH–65 to address safety, reliability, and engine power issues. This approach is intended to provide an interim solution to documented power failures. How many of the LTS–101–850 engines have been purchased? How many of the LTS–101–850 engines are needed to provide the interim solution for the HH–65 before full reengineering is completed and what is the associated cost?

Answer. To date, the Coast Guard has purchased 61 LTS–101–850 engines at a cost of $5.9 million.

The only reason to purchase additional 850 engines (38 at $4 million) would be to provide an interim safety and reliability enhancement throughout the approximate 24-month duration of Integrated Coast Guard System's (ICGS) Turbomeca re-engining project. The LTS–101–850 engine, while not equipped with electronic fuel controls, offers an additional margin of safety in an emergency situation. We owe our aircrews nothing less until the fleet is re-engined. Based upon current schedule projections, there is a 10–14 month "underlap" where the Coast Guard would directly benefit from the additional engines.

These engines require long-lead time component purchases that must be accounted for in the procurement decision process. The Coast Guard, however, will wait until the completion of the current field evaluation and subsequent inspection of the LTS–101–850 engines that are installed on two Coast Guard Air Station Miami Helicopters. One helicopter has completed the initial 150 hour evaluation and is currently being inspected, while the second aircraft still has 36 hours of evaluation remaining prior to inspection. After completion of testing and inspection, the Coast Guard intends to re-evaluate the need for additional engines based upon the results and both LTS–101–850 and Turbomeca installation schedule updates

Below is the latest draft installation schedule based on information from the new engine system selected manufacturer, Turbomeca. This schedule is not final. The Coast Guard is hopeful that the new engine installations move further to the "left."




*Question.* At the same time, the Coast Guard recently announced the selection of Turbomecca to re-engine the HH–65. The Coast Guard estimates that this re-engining will cost $250 million over a 24 month period. Will this engine be compatible with the Deepwater Multi-Mission Cutter Helicopter or will another engine replacement be required?

Answer. The Coast Guard has directed that a re-engining project be immediately initiated to restore the HH–65 to unrestricted safe and reliable operations. The project is designed to address the HH–65 engine system, the engine and engine control systems, to remedy this safety and reliability crisis, and restore the HH–65's operational capability.

The HH–65 re-engining project is a separate and distinct effort from the Deepwater Multi-mission Cutter Helicopter (MCH). In the long-term, the Deepwater plan is still to convert the HH–65 to the Multi-mission Cutter Helicopter (MCH). While power increases were not the focus of this acquisition, the engine chosen, while ad-

dressing the safety and reliability concerns, also has sufficient power margins to allow for that engine to be used in the continuation of the MCH.

HIGH INTEREST VESSEL BOARDINGS

*Question.* U.S. Customs and Border Protection use an automated targeting system to identify shipments that pose a potential terrorist risk. It is unclear if this information is shared with the U.S. Coast Guard, which could be useful in identifying high interest vessels. Is this information being shared with the Coast Guard? If not, would this information be a useful tool for the Coast Guard to use?

Answer. Yes, Automated Targeting System information is shared through an exchange of liaisons between the Coast Guard and the U.S. Customs and Border Protection's National Targeting Center (NTC). The Coast Guard's Intelligence Coordination Center (ICC) and the NTC have exchanged full-time liaisons to pass information each center develops about suspect ships, people, and cargoes. This has been a highly effective partnership and has given each center much greater visibility into specific maritime cases and concerns as they arise, resulting in better coordination of information flow and operational planning. ICC's COASTWATCH program (a partnership with the U.S. Navy's Office of Naval Intelligence) uses data collected via the ICC/NTC partnership, coupled with the information received through our 96-hour Advanced Notice of Arrival (ANOA) rules, intelligence, and other appropriate law enforcement information, to identify Vessels of Interest, providing crew, cargo, and vessel screening prior to a vessel's arrival in U.S. ports.

At the local level, Vessels of Interest are factored into the decision making process to determine which vessels should be designated and or boarded as High Interest Vessels (HIVs). Additionally, because of the U.S. Coast Guard's solid working relationship with Customs and Border Protection (CBP), input provided by CBP at the local level is also considered when determining which vessels should be boarded as HIVs.

The Coast Guard is incorporating an option into our 96-hour vessel ANOA requirements to permit the electronic submission of information (e-NOA). The Coast Guard and CBP have been working together to incorporate CBP's reporting requirements into the e-NOA system. This consolidated e-NOA system will include the capability to capture crew, passenger, cargo, and vessel arrival information for both agencies. It is anticipated that e-NOA will be operational by the summer of 2004. By allowing industry to submit Coast Guard and CBP reporting requirements together, DHS will enhance its information sharing capabilities, thereby significantly enhancing the processing and identification of security and safety risks posed by vessels entering U.S. ports.

SHORE FACILITIES

*Question.* The Coast Guard's request for shore facility projects is $5 million in fiscal year 2005. According to the Coast Guard, $146 million is needed on an annual basis for recapitalization needs to support shore facility assets valued at $7.2 billion. With such valuable assets, why does the Coast Guard continue to neglect shore facilities? Does the Coast Guard have a plan in place to address the needs of its shore infrastructure? Provide a list of projects in need of shore facility funding in priority order.

Answer. The Coast Guard is deeply concerned about its entire infrastructure, including shore facilities. However, funding priority must be placed on recapitalization efforts of operational first response platforms such as Deepwater and Rescue 21. Shore facility sustainment will be managed by targeted maintenance practices, increased use of leased facilities, and ensuring shore infrastructure costs are included in major AC&I projects, such as Deepwater and the Great Lakes Icebreaker replacement. Increases in the Basic Allowance for Housing also help and reduce the need for Coast Guard owned housing projects. Additionally, the Coast Guard is pursuing Public-Private Venture housing opportunities authorized in the Maritime Transportation Security Act of 2002. Other Coast Guard initiatives currently being developed that will assist in being good stewards of shore facilities include enhanced real property authorities, such as the ability to sublease and outlease property, exchange and sell property, and dispose of excess property with sale proceeds being reinvested in the capital plant. The Coast Guard is on budget in fiscal year 2005 for $151 million recurring OE shore facility maintenance costs and an additional $5 million for shore AC&I projects.

Provided below is the budgeted Shore Facilities Requirements List (SFRL) for fiscal year 2005, followed by a backlog of listing of fiscal year 2005 unfunded projects. While the Coast Guard planning process addresses projects that require funding be-

yond fiscal year 2005, these projects have not been prioritized and are not included in the fiscal year 2005 SFRL attached.

FUNDED SHORE FACILITIES REQUIREMENTS LIST (SFRL)—FISCAL YEAR 2005

| BENEFITTING UNIT | PROJECT DESCRIPTION | EST (000) |
|---|---|---|
| MAJOR AC&I: ISC Honolulu | Small Arms Range | $1,600 |
| SURVEY AND DESIGN: Various | Shore Operational & Support Projects | 1,000 |
| MINOR AC&I: Various | Minor Construction Projects | 1,600 |
| WATERWAYS AND AIDS TO NAVIGATION: Various | Various Locations | 800 |
| TOTAL | | 5,000 |

UNFUNDED SHORE FACILITIES REQUIREMENTS LIST (SFRL)—FISCAL YEAR 2005

| BENEFITTING UNIT | PROJECT DESCRIPTION | EST (000) |
|---|---|---|
| MAJOR AC&I: | | |
| ISC Kodiak, AK | Consolidate Support Facilities | $8,500 |
| AR&SC Elizabeth City, NC | Consolidate Facilities Phase I | 6,300 |
| Base Galveston, TX | Rebuild Station/Waterfront | 6,400 |
| Group Woods Hole, MA | Replace ANT and Admin Building Phase I | 3,750 |
| SURVEY AND DESIGN: Various | Shore Operational & Support Projects | 4,000 |
| MINOR AC&I: Various | Minor Construction Projects | 2,750 |
| WATERWAYS AND AIDS TO NAVIGATION: Various | Various Locations | 4,200 |
| COAST GUARD HOUSING: | | |
| Cordova, AK | Replace Cordova Housing, Phase I | 4,000 |
| USCGA, New London, CT | Chase Hall Barracks Renovation Phase I | 15,000 |
| TOTAL | | 54,000 |

MARITIME TRANSPORTATION SECURITY ACT (MTSA) IMPLEMENTATION

*Question.* The budget request includes $101.7 million for the implementation of the MTSA. What follow-on costs are necessary to meet the requirements of the MTSA (specify by fiscal year)?

Answer. The fiscal year 2005 budget request is designed to bring MTSA implementation close to the annual recurring steady state for personnel, associated support funds, and contract resources. These resources will be used to address the permanent increase in workload associated with MTSA. This workload includes continued verification of domestic vessel and facility security requirements, a robust Port State Control program to ensure compliance with international security requirements, continuous updates and improvements to the National and Area Maritime Security plans, and the assessment of domestic and foreign ports for compliance. Additional follow-on costs of MTSA initiatives are $12.9 million in fiscal year 2006.

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## QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

NON-SECURITY MISSIONS

*Question.* When the Coast Guard was moved to the Department of Homeland Security, Congress included a provision in the Homeland Security Act of 2002 to ensure that the Coast Guard continued to carry out its non-security missions. Section 888 of the Act states that the Secretary, "may not substantially or significantly reduce the missions of the Coast Guard or the Coast Guard's capability to perform those missions, except as specified in subsequent Acts."

However, concern has been raised about the Coast Guard's ability to maintain its non-security missions as the hours ships and aircraft are used for these missions have not reached pre-September 11 levels. I was concerned by a report to the Congress that several of the districts, including Honolulu, have "insufficient personnel" for its search and rescue missions.

It is my understanding that your performance measures were enhanced through the assistance of other agencies. In addition, certain performance goals are not reflective of the success of the maintenance of your effort. I do not find it helpful that the performance measure for compliance with domestic fisheries regulations is how many fisherman, of those reviewed, were found to be in compliance. If the Coast

Guard interviewed one fisherman who was in compliance, the Coast Guard would have 100 percent performance on this measure.

Can you tell me what you are doing to ensure that the non-security missions that are so critical to my state are being met and that the performance measures are a true reflection of your efforts?

Answer. Based on all measurements completed to date, the Coast Guard met its performance goal in each non-homeland security mission-program area including our goal for Search and Rescue for fiscal year 2003. Program performance is the most important element of the Coast Guard Performance Management System. Program managers establish measures to accurately portray organizational performance. The measures are data-driven, fully documented, meaningful, and focus on outcomes. Using the performance measures, and with an emphasis toward improving effectiveness, the Coast Guard Commandant establishes long-term performance outcome targets that are linked to the strategic intent of the organization, including maintaining the balance between homeland security and non-homeland security missions. While the Coast Guard has been lauded in the past for its performance measurement efforts, it has recognized and acknowledged that limitations in these measures sometimes exist. The Coast Guard has been working with GAO through the recent audit examining the relationship between resources and results, and OMB through the Performance Assessment Rating Tool (PART) reviews, and other independent evaluation efforts to continually review and improve program measures' clarity and objectivity. Examples of measures that have recently been revised or are currently under review include:

Several years ago, the Search and Rescue program was measured by the percent of persons in U.S. jurisdictional waters in distress that were saved, after the Coast Guard was notified. This measure was changed to include the percentage all persons in U.S. jurisdictional waters in distress, with no restriction on Coast Guard notification. This change occurred as program managers realized that communication improvements and other non-Search and Rescue safety programs were inputs to the measure of safety as well as that of a simple Search and Rescue response measure.

Two years ago, the Short Range Aids to Navigation (AtoN) program was measured by the statistic of Short Range Aid availability. While this measure provided information on the percent of Coast Guard Aids to Navigation that were working properly and on-station, there was little connection to performance of these aids and benefit to the public. When this was brought to the Coast Guard's attention through an Office of Management and Budget (OMB), Performance Assessment Rating Tool (PART) review, a change was made to measure the AtoN program by the number of Collisions, Allisions and Groundings that occur in U.S. waterways.

The illegal drug interdiction measure was recently refined to include not only cocaine seized by the Coast Guard but also to account for cocaine thrown overboard or destroyed by smugglers. This refined measure, which encompasses both the cocaine lost to the smuggler as Coast Guard assets draw near, causing the smugger to jettison, burn, and otherwise destroy their product, as well as the cocaine actually seized by the Coast Guard, will more accurately reflect counter-drug efforts and results.

With regard to the concern expressed in the question regarding the domestic fisheries performance measure of a compliance rate; both the Coast Guard and OMB, through its PART review, believe this rate to be a sound measure. The observed compliance rate measure is the total number of Coast Guard domestic fishing vessel boardings minus the boardings that had significant violations divided by the total number of Coast Guard fishing vessel boardings. Only boardings that have a significant violation—a living marine resource violation that results in significant damage or impact to the fisheries resource, significant monetary advantage to the violator, or has high regional or national interest—are counted.

Historically, domestic compliance rates, which are based on over 3,000 boardings (post 9/11 statistic) annually, have been within the 95–98 percent range and movement within this range is expected and mostly beyond CG control as economic and social factors other than enforcement presence motivates individuals to violate the law. As a result, a floor has been established at 97 percent observed compliance to evaluate if CG levels of enforcement are sufficient to ensure wide-scale compliance with regulations.

Historical data illustrates Coast Guard enforcement presence does in fact affect observed compliance rates and also that there is a delay between enforcement presence/absence and fisheries compliance rates. Although observed compliance rate will not perfectly indicate the actual industry-wide compliance rate, it should serve as a reasonable indicator of the actual compliance rate when enforcement resource effort is sufficient to make performance tracking possible.

In regard to the comment concerning "insufficient resources" in Honolulu, the Coast Guard is careful to distinguish between mission performance measures and internal program standards put in place to ensure the long-term maintenance of our resources, including our most valuable asset, our people. As stated above the Coast Guard has successfully met all mission performance goals for the search and rescue mission. The Coast Guard has adequate resources to meet performance and on-scene response standards for search and rescue in Hawaii. However, the Coast Guard has recently adopted an internal program standard, driven by requirements set forth in MTSA 2002, requiring command center watchstanders responsible for search and rescue to limit their watch length to 12 hours in duration, except in emergency or unforeseen circumstances.

The Coast Guard measures and reports quarterly to Congress on our ability to meet this standard. The Coast Guard has demonstrated incremental improvement in achieving this standard, however, routine personnel transfers and substantial training requirements for newly assigned personnel continue to challenge the Coast Guard's ability to meet the 12-hour standard at all times. The Coast Guard is reviewing the staffing standards for our command centers, and is developing recommendations to ensure our ability to meet and maintain a year-round capability to meet the 12-hour watch requirement.

PORT SECURITY

*Question.* As part of the Maritime Transportation Security Act, 9,000 vessels and 3,500 facilities were supposed to have filed security plans by December 31, 2004. It is my understanding that you have received 97 percent of the security plans and that more than half of them are in the second stage of review. Area security and contingency response plans must be completed by July 1, do you anticipate a similar compliance rate? How does the cost of implementation affect the adequacy of the security plans submitted? On December 30, 2002, the Coast Guard estimated the total cost of implementing security in our seaports at $7.2 billion over the next 10 years. Is that estimate still accurate and how much has been spent toward that total to date? The President's budget requests $46 million for Port Security Grants. Will that be sufficient to bring our vessels and facilities into compliance with the security plans?

Answer. Each Federal Maritime Security Coordinator submitted an Area Maritime Security (AMS) Plan to the respective Coast Guard District Commander for initial review on April 1, 2004. In order to meet the entry-into-force date of the new International Ship and Port Facility Security (ISPS) Code and Safety of Life at Sea (SOLAS) amendments, the Coast Guard must review and approve all AMS plans by June 30, 2004 and communicate U.S. port compliance with the ISPS Code to the International Maritime Organization.

In the final MTSA regulations, the Coast Guard estimated the industry cost for implementing Section 102 of the MTSA security requirements as approximately $1.5 billion in the first year, and $7.3 billion over the next 10 years. The port security grants to date have provided approximately $500 million.

The Coast Guard does not believe the cost of implementation affected the adequacy of the facility and vessel security plans submitted for review. The MTSA security regulations were specifically developed to be performance based in order to provide owners/operators the latitude to implement the most cost-effective security controls to meet their specific circumstances.

The fiscal year 2005 Department of Homeland Security (DHS) budget proposes a significant increase for port security activities. Grants to facilities are a small part of DHS's total investment in port security. Department of Homeland Security spending on port security increases by $224 million (13 percent) in the President's Budget, from $1,661 million in 2004 to $1,885 million in 2005. Within the 2005 total is $1,675 million for Coast Guard port, waterway, and coastal security activities, including over $100 million to implement MTSA. The DHS port security total also includes $164 million in U.S. Customs and Border Protection for the Container Security Initiative and the Customs Trade Partnership Against Terrorism, and $46 million in the Office for Domestic Preparedness for port security grants.

HC–130J

*Question.* The Coast Guard has expanded its mission since September 11, 2001 and has been transferred from the Department of Transportation to the Department of Homeland Security. Thirteen Maritime Safety and Security Teams and eight Port Security Units have been deployed. With these changes, has there been an increased requirement for airlift capacity?

Answer. Yes. Since 9/11, the Coast Guard has redefined and expanded organic lift requirements. The Coast Guard must be capable of providing organic aviation transport of National Strike Force personnel and equipment within 6 hours and must be capable of providing aviation transport of MSSTs within 12 hours of notification. Ongoing efforts to expand the Deepwater contract to reflect post–9/11 mission requirements and DHS Aviation Council study efforts will shape our aviation heavy lift and transport capability.

*Question.* Pursuant to funding provided in the fiscal year 2001 Military Construction bill, the Coast Guard recently received delivery of the first of six HC–130J Super Hercules aircraft. Could you discuss with us those aircraft, the benefits to DHS, and the advantages of the new 130Js over the 130Hs currently in service? In your opinion, is the HC–130J, the best aircraft available to replace your aging air fleet?

Answer. The HC–130J provides the USCG and DHS a modern long-range patrol and heavy lift aircraft that will remain in the DHS inventory well into the future. This capability will provide DHS the ability to provide heavy-lift through a variety of mission profiles, and will enable the Department to remain in the forefront of disaster response and Homeland Security missions. The HC–130J is a completely new aircraft enabling a substantially better level of performance. Even in their current unmissionized state, the C–130J provides a substantially greater heavy lift capability than the aging HC–130H. Missionization to full capability as maritime patrol aircraft is scheduled to begin in fiscal year 2004. The missionization suite was designed to reflect post 9/11 mission requirements, and will be fully interoperable with DHS, DOD, and the Deepwater systems. Fully digitized and equipped with a contemporary electronics suite, the missionized HC–130J will fly faster and have greater range with a smaller crew. The legacy asset HC–130H is increasingly more expensive to maintain and will be costly to modernize to homeland security and Deepwater mission requirements. At Full Operational Capability (FOC), the HC–130J will meet all current DHS/USCG long range maritime patrol and heavy airlift requirements.

*Question.* The first six HC–130Js are planned to be based at the Air Station in Kodiak, Alaska. This would leave the Coast Guard with a mix of HC–130Js and Hs in your Pacific Fleet. What are the benefits of an all HC–130J Pacific Fleet?

Answer. In the Pacific Area, C130s operate over some of the world's largest expanses of water in the most arduous weather conditions. In addition to the performance increases and modern replacement benefits, an all C–130J fleet in the Pacific Area would allow the Coast Guard to more rapidly grow an experienced operator cadre/community to operate and maintain this aircraft. Additionally, the service would benefit from reduced training costs, as some members would transfer from one C–130J unit to another, eliminating qualification costs. Economies of scale would produce parts and logistics support savings as well.

*Question.* What are your funding requirements to fully deploy and maintain the first six HC–130Js? Is that request contained in the President's budget?

Answer. Total additional funding required to missionize and achieve Full Operational Capability (FOC) of HC–130Js by the end of fiscal year 2007 is $187 million. A funding request for missionization and full system acquisition is not included in the President's budget.

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## QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

### OVERALL COAST GUARD BUDGET REQUEST ONLY 6 PERCENT INCREASE

*Question.* The Commandant of the Coast Guard testified that the Coast Guard was on track to restore resources and performance of non-security missions, such as search and rescue of stranded mariners, to pre-9/11 levels. However, a draft GAO report (non-public until mid-March) finds that the resource hours dedicated to the search and rescue mission search & rescue is down 22 percent from pre 9/11 levels. The resource hours dedicated to many other non-security missions, such as fisheries enforcement, living marine resources, and drug interdiction, are all down as well.

Does this budget really fund the Coast Guard at sufficient levels? The request is really only a 6 percent increase over what we enacted last year, if you include the supplementals. Why is Coast Guard getting so little of the increase when it has so many responsibilities related to security and non-security missions?

Answer. Yes, the fiscal year 2005 budget request is sufficient to fund Coast Guard operations. A 6 percent increase is not a fair comparison since the fiscal year 2004 Coast Guard budget includes supplemental funding provided for Iraqi Freedom and Hurricane Isabel. Supplemental appropriations are for specific purposes and are

non-recurring. Therefore, the fiscal year 2005 Coast Guard budget would not reflect this funding.

While the draft GAO report referenced in this question noted that that the resource hours for non-homeland security programs decreased, the report also had the following conclusion: "The Coast Guard's performance results—measures used to track each program's annual progress—generally did not mirror the trends in resource use. Instead, results for programs GAO reviewed were generally stable or improved regardless of the resources applied, and nearly all of the programs that GAO reviewed met their performance targets." (Draft GAO–04–043, March 2004).

Search and Rescue (SAR) is a demand driven mission. While resource hours for SAR are down, it is due to less distress calls than from lack of resource hours. Also from the GAO report: "the search and rescue program's target for fiscal year 2003 was to save 85 percent of mariners in distress and the program achieved this goal by saving over 87 percent of them."

While resource hours are an important measure, the Coast Guard relies on the judgment of the operation commander to apply available resources based on the risks in the relevant area of operations. This flexibility is critical to apply Coast Guard resources to the numerous missions mandated in Section 888 of the Homeland Security Act of 2002.

*Question.* I am hearing reports that the Coast Guard's resource hours for most non-security missions are still down below pre 9/11 levels. For example, I've heard that the search and rescue mission is down 22 percent from pre 9/11 levels. What can you tell me about that?

Answer. The Coast Guard will continue seeking the appropriate balance among all its mission-programs while relentlessly pursuing our stated performance goals. In so doing, the Coast Guard will continue to focus not only on activity levels (hours), but also on achieving the desired outcomes from those levels. Our ability to achieve desired outcomes and performance goals have been significantly enhanced through improved technology, tactics and procedures making our activities that much more effective. Risk-based decision-making by local commanders will continue to be the primary driving factor behind the specific activity levels (hours) accrued in the course of Coast Guard operations.

The number of resource hours utilized for search and rescue (SAR) decreased by 22 percent in fiscal year 2003 from a pre-9/11 average level. However, this decrease in resource hours was not indicative of a decrease in service or performance. SAR is a demand driven mission, and the Coast Guard continues to respond to all mariners in distress. In fiscal year 2003, the Coast Guard met its 85 percent SAR performance goal by saving 87 percent of all mariners in distress.

The Coast Guard's SAR program is a system with a variety of components. Aircraft, cutters, and boats play a large role in the response system, but overall SAR performance is not based on resource hours alone. For example, maritime safety and prevention programs, technology advancements for the boating public, enhanced communication and tracking systems, and improved safety equipment are just a few of the initiatives that factor into the Coast Guard's SAR program.

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## QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

*Questions.* The U.S. Coast Guard awarded General Dynamics Decision Systems a $611 million contract to replace its outdated communications system in a project titled Rescue 21. This is a massive Federal investment in our maritime communications infrastructure. The Rescue 21 section of the Coast Guard's website, however, has not been updated since May 9, 2003, so it is very difficult for the American public to keep updated on the project's implementation process and schedule. Could you please give me a status update on the project? I understand there may be some questions about deficiencies in the design phase of the project. Does the Coast Guard have adequate oversight of the contractor and are financial controls in place to ensure that the public investment is protected? When does the Coast Guard plan to implement Rescue 21 on Lake Champlain and Lake Memphremagog to cover these important border entry points into the United States? The Coast Guard's mission on Lake Champlain can lead to simultaneous rescue calls at opposite ends of the lake. First responders often have to rely on either a Coast Guard helicopter from southern New England or a Vermont Army National Guard helicopter to support them on search and rescue missions. Both options take precious hours to implement and cut short the window of opportunity for a successful rescue. With the Coast Guard seeking a 9 percent increase in their budget this year, are there any plans to post a Coast Guard helicopter on Lake Champlain?

Answers.

*Status Update*

While conducting Formal Qualification Testing (FQT) in January 2004, several significant software (SW) defects were discovered in functional areas such as archive/restore, fault management, channel performance, Group Command Centers/ Station operations, vessels and voice quality that required performance fixes and retesting. An additional FQT test event was scheduled for March/April to retest defects discovered in January 2004.

While conducting preliminary FQT testing in early March to prove that previous issues had been resolved, GDDS discovered a new defect that has a severe impact on the asset tracking functionality of the system. This defect was hidden by an earlier problem and revealed by the latest software fixes. GDDS is currently working with the equipment manufacturer to analyze the defect and identify appropriate corrective action. Until GDDS can fix this asset-tracking problem, the FQT regression testing is necessarily on hold.

Consequently, Initial Operating Capability (IOC) and Full Operating Capability (FOC) schedules will be impacted by the technical issues and testing activities discussed. IOC will be delayed by approximately 1 year (to Sep 2004), and the Coast Guard anticipates the project being 45 percent complete by the end of 2005. Achieving FOC in 2006 is at risk and is still being evaluated. The Coast Guard and GDDS have formed a joint deployment team to streamline the regional deployment process and identify tasks that can be performed concurrently or more efficiently to complete the maximum number of regions by the end of 2006. The deployment team is using the experience of the first 6 regions to redefine processes and align activities to accelerate deployment. Future deployment dates of Rescue 21 will depend upon GDDS's ability to accelerate their work, deploy innovations and do parallel deployments as the system is built out.

The Rescue 21 section of the Coast Guard's website was recently updated on April 9, 2004. IOC and Low Rate Initial Program (LRIP) region schedules were updated. Group schedule updates still pending.

*Oversight*

The Coast Guard has 54 staff members dedicated to the Rescue 21 project. Several of these staff members are dispersed throughout the United States to ensure appropriate oversight of the nationwide deployment.

Additionally, the Coast Guard has agreements in place with the Space and Naval Warfare Systems Center, San Diego and U.S. Department of Commerce National Telecommunication Information Administration (NTIA)/ITS Institute for Telecommunication Sciences for technical/quality assurance support and Booz Allen Hamilton for project management and administrative support.

Finally, the Coast Guard has leveraged existing GSA contracts to award blanket purchase agreements to a public relations firm to assist with community/public outreach, an environmental consulting firm to ensure compliance with applicable environmental laws and regulations, and an information technology firm to ensure contractor performance metrics are properly developed, monitored and archived.

*Financial Controls*

Approximately 80 percent of the costs associated with the Rescue 21 deployment will be paid using fixed price delivery orders. These costs were established during the proposal evaluation phase of the project and are not expected to change. The remaining 20 percent of the work will be paid for using cost plus incentive fee delivery orders for which target prices were also established during the proposal evaluation phase. Incentive fee contract structures provide motivation for the contractor to remain within cost goals.

*Lakes Champlain and Memphremagog*

Lake Champlain will receive Rescue 21 as part of the Activities New York deployment currently scheduled for 2005. Lake Memphremagog was not identified as part of the Rescue 21 operational requirement, and is not scheduled to receive Rescue 21.

*Coast Guard Mission on Lake Champlain*

Coast Guard Station Burlington, located at Burlington, VT conducts search and rescue (SAR) on Lake Champlain and responds to approximately 200–300 cases annually, mostly during a the peak season for recreational boaters between June through August. Lake Champlain's shoreline includes portions of Vermont, New York and Canada, and measures approximately 100 nautical miles (north and south) by eight nautical miles (east and west). The Coast Guard's small boat response station has 25 persons assigned for Coast Guard missions including search and rescue, and also maintains aids to navigation on the lake.

Coast Guard aircraft from Air Station Cape Cod are capable of responding to search and rescue cases on Lake Champlain within the Coast Guard's SAR program standards. However, they do not normally do so because of the other resources nearby which can provide a quicker response. Considering the narrow characteristics of the lake and that there are a large number of local responders, including local police and fire departments in the cities surrounding the lake, and that helicopters from the New York State Police, the Air National Guard, and U.S. Customs & Border Protection agency provide search assistance, the Coast Guard does not presently have any plans to post an aircraft at Lake Champlain.

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## QUESTIONS SUBMITTED TO TRANSPORTATION SECURITY ADMINISTRATION

### QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

#### FLIGHT CANCELLATIONS

*Question.* The Department requested a number of international flights to be cancelled at the end of December and again in January due to intelligence of possible terrorist activity. The cancellations caused inconvenience and financial losses for airlines and passengers alike and some aviation organizations have publicly questioned the need to cancel flights without being made aware of what specific intelligence was uncovered.

Do you feel the Department was justified in the cancellation of these flights based on intelligence indicating that commercial airliners continue to be at risk of highjackings?

Answer. The decision to cancel flights was made by the foreign carriers and governments upon specific intelligence that warranted such action. DHS shared information with our foreign counterparts and foreign air carriers, which led to their decisions to cancel flights and/or implement enhanced security measures.

*Question.* How would you describe the cooperation of commercial airliners in the request to cancel these flights?

Answer. During the holiday period, DHS received specific information and shared it appropriately with French and British allies, resulting in their decisions to cancel these flights. DHS and our European allies continue to work in close collaboration to share best practices and enhance aviation security.

*Question.* Are passenger manifests being provided in a timely fashion by the airlines to the Department of Homeland Security?

Answer. Air carriers as a general rule are fully compliant with existing CBP requirements for advanced passenger information system (APIS) transmissions, which must be submitted after takeoff. However, to vet flights of interest over the holiday threat period, TSA required that, upon request, airlines provide DHS with passenger manifests a specified time in advance of departure. All such requests were generally accommodated, and DHS continues to work closely with both the State Department and foreign carriers to ensure that additional requests are accommodated appropriately.

*Question.* With intelligence showing that terrorists have considered a dirty bomb or a chemical or biological weapon release on airliners, what precautions are in place at our Nation's airports to prevent a possible radiological, nuclear, chemical or biological attack on an aircraft?

Answer. TSA believes that existing operating procedures and current technology in the area of explosives detection would enable TSA to detect and interdict such a threat. In addition, the Department of Homeland Security continues to fund an aggressive program to improve the technology capable of detecting and mitigating such threats. As you are aware, TSA is also working to replace its passenger prescreening system to improve our ability to detect and stop any terrorist attempting to board an aircraft, including one possessing unconventional weapons.

*Question.* Secretary Ridge testified before this Committee that the Executive amendment which directed the airlines to place Federal air marshals on international flights should have more appropriately been sent through diplomatic channels first. What new protocols or procedures have since been implemented by the Transportation Security Administration to communicate through diplomatic channels in the event that future flights are determined to be at high risk of terrorist attack?

Answer. The regulatory instrument that allows TSA to require additional security of foreign air carriers is an emergency amendment to the security program of the affected foreign air carrier. It is the regulated party, (i.e. the air carrier) which must be the recipient of that instrument. However, we are aware that issuance of emer-

gency amendments alone does not provide enough information to the foreign authority (which may differ from country to country) responsible for air marshals or other security functions involved in an emergency amendment. To remedy this, TSA, under DHS leadership, will use diplomatic channels, particularly in cases requiring immediate action by foreign air carriers, to inform affected air carriers and the foreign authority of their respective government concurrently. TSA will work through the Department of State and the affected U.S. Embassies, which will, in turn, reach out to the appropriate foreign authority to ensure that the requirements of the emergency amendment are conveyed.

RAIL SECURITY

*Question.* Under Secretary Hutchinson testified before this Committee previous to the terrorist train bombings in Madrid that the Transportation Security Administration is working with other Federal Departments and agencies within the Department of Homeland Security to secure various transportation sectors including rail. The Department of Homeland Security recently announced additional security initiatives to further reduce vulnerabilities to transit and rail systems.

In light of the attacks that took place on light-rail, passenger trains in Spain recently can you further elaborate on the luggage screening pilot program announced recently to be carried out by the Department of Homeland Security and coordinated with Amtrack and the Federal Railroad Administration?

Answer. TSA, AMTRAK, and Federal Railroad Administration have combined efforts to institute a passenger and carry-on baggage screening prototype for explosives in a rail environment known as the Transit and Rail Inspection Program (TRIP). Under this project, TSA will seek to determine the feasibility of screening in a passenger rail environment. TSA hopes that such a project will help identify measures that would permit an appropriate level of screening that reflects the individual characteristics of each type of passenger rail traffic. The pilot project leverages present and prototype technologies and will evaluate their feasibility in a rail environment. As the primary stakeholder, AMTRAK is immersed in the review and implementation of this project. This program is expected to commence by early May 2004.

*Question.* What new technologies and screening concepts will be implemented?

Will explosive detection systems and/or explosive trace detection which are used to screen luggage placed on airliners be used to screen luggage placed on trains?

Answers. The pilot program will assess different types of screening equipment already in use or being tested today.

*Question.* Will additional funding be requested by the Transportation Security Administration for the additional rail security measures announced yesterday either by a supplemental funding request or by budget amendment?

Answer. TSA will fund the additional rail security initiatives that were recently announced from within its fiscal year 2004 appropriation for Maritime and Land Security. For fiscal year 2005, there are no plans to seek additional funding for rail security above what is included in the fiscal year 2005 President's Request.

*Question.* Can you provide further detail on how the Transportation Security Administration is using the expertise of Information Analysis and Infrastructure Protection (IAIP) and Science and Technology (S&T) assistance to prevent a terrorist attack on our railways and also on our subway systems?

Answer. TSA staff and its parent directorate, the Border and Transportation Security Directorate, work closely and collaborate on a daily basis with both S&T and the Information Analysis (IA) and the Infrastructure Protection (IP) Divisions of the IAIP Directorate, on issues related to rail and transit security. IA shares intelligence and threat analysis daily with all DHS entities and other relevant stakeholders. Since the Madrid bombings, DHS stood up a working group to develop operational Courses of Action (COAs). Members of this working group include representatives from BTS, TSA, IA, IP and the Department of Transportation.

TSA has partnered with IP on several important issues in safeguarding our nation's critical infrastructure including working together to conduct vulnerability assessments and security reviews. Moreover, IP has invited TSA to participate in site assistance visits (SAV) to determine a baseline level of security for select elements of the nation's critical infrastructure. One current example involves a joint assessment of subway system ventilation shafts to determine vulnerability to chemical or biological attack. Additionally, TSA, in coordination with FRA, IP and industry representatives, is currently conducting an in-depth assessment of the District of Columbia rail corridor.

TSA has been communicating its operational requirements to the Science and Technology (S&T) directorate. TSA has engaged S&T in an effort to help meet the

more immediate R&D needs of screening passengers and their baggage in the rail and transit environment with relevant technologies sensitive to the operational concerns of throughput and high levels of detection.

TSA works closely with IA and S&T to better understand and prevent terrorist attacks on our Nation's railroads. Our warning and information products are vetted with IA and S&T representatives to provide the best informed assessments possible. Additionally, vetting and strong analyst-to-analyst coordination ensure strong positive information sharing across the Department.

*Question.* Have vulnerability assessments been completed by Information Analysis and Infrastructure Protection on high-density urban areas to target resources toward the railways greatest weaknesses or are these assessments still taking place?

Answer. On May 14, 2003, the Department of Homeland Security awarded $65 million in Mass Transit Grants to help secure the 20 highest risk transit systems in the United States based on ridership. The money may be used for the following: (1) the installation of physical barricades; (2) area monitoring systems such as video surveillance, motion detectors, thermal/IR imagery and chemical/radiological material detections systems; (3) integrated communications systems; (4) prevention planning, training and exercises; and/or (5) operations activities conducted during ORANGE alert from January 2003 through April 2003. New York City Transit received $26.7 million, 41 percent of the $65 million. The Chicago Transit Authority, the second largest transit agency by ridership, received $5.1 million.

On November 13, 2003, the Department of Homeland Security awarded another $53 million to the top 30 transit agencies with heavy rail, subway and commuter rail systems. A weighted average factoring both ridership and system route miles was used to determine the amounts received. Each qualifying system received no less than $800,000. Due to the previous allocation of funds to New York City Transit, the MTA subway system was capped at $10 Million, allowing for the allocation of more funds to other properties.

The grants were administered by DHS's Office for Domestic Preparedness (ODP). TSA provided modal expertise to ODP on the allotment of this grant money to the mass transit industry.

TSA is currently conducting an assessment of critical mass transit assets. The results will be used to identify locations for enhanced, facilitated assessments. To-date, TSA has performed an assessment on approximately 65 percent of critical subway assets. Approximately 30 percent of light rail critical assets have been assessed. The criticality assessment of mass transit assets is scheduled for completion by July 2004.

DHS has conducted Site Assist Visits (SAVs) of several rail stations in high-density urban areas, including New York's Penn Station and Grand Central Station and Washington D.C.'s Union Station. Teams of security experts, along with the owner/operator of the site, identifies vulnerabilities and suggest remediation actions. Thanks to these and other visits to rail facilities, we have compiled Common Characteristics and Vulnerability reports and Potential Indicators for Terrorist Attack reports (CV/PI) for railroad yards and railroad bridges and disseminated them to owners/operators, security planners, and law enforcement agencies. The Department has also funded a study of possible protective measures that can be applied to railcars transporting chemicals and recommendations are expected shortly. In addition we have received dozens of other rail and subway vulnerability assessments, including those for the 30 largest systems in the country and have included them in our database. We have also completed an assessment of a 15 mile DC corridor for HAZMAT rail shipment and are considering additional assessments in other major urban areas.

AIR CARGO

*Question.* Congress provided $85 million for fiscal year 2004 for the Transportation Security Administration to hire additional screeners to inspect air cargo and for research and development of explosive detection systems in order to screen for explosives in air cargo, both the larger palletized cargo and the individual pallets, or individual boxes known as "break bulk".

With the increase in air cargo security funding provided for fiscal year 2004, how many additional screeners have been hired to inspect air cargo to date, and when do you expect to be fully staffed?

Answer. As of March 23, 2004, the funding provided in the Department of Homeland Security Appropriations Act, 2004 (Public Law 108–90) enabled TSA to hire 100 new cargo inspectors. All 100 cargo inspector positions have been selected, and paperwork is being processed by TSA Human Resources. We anticipate extending job offers to these applicants and bringing them on board within the next 2 months.

*Question.* What is the status of laboratory testing of commercial off-the-shelf explosive detection systems on air cargo?

How has the current technology performed on break bulk cargo?

When do you expect to issue a request for proposal for this technology, and when will a pilot program begin at selected airports?

Answer. TSA, working with the air carriers, has screened cargo using Explosives Detection System (EDS) technology currently deployed at airports for checked baggage screening. TSA also issued a Market Survey for vendors of currently available explosives detection technology for break bulk cargo screening and is in the process of conducting a lab evaluation and pilot test for the equipment that has been offered by vendors for evaluation. The controlled study of suitability of use of the currently available EDS technology is scheduled to begin in June and will be completed by September 30. Once that study is completed, TSA will determine to what extent the technology is a feasible solution for some categories of cargo screening. TSA is planning on issuing an RFP in the third quarter of fiscal year 2004 to solicit additional vendors to participate in lab evaluations and airport pilots for break-bulk cargo screening.

TSA has also issued an RFP for technology to screen containerized cargo and U.S. mail. TSA is currently evaluating the proposals submitted under that RFP and anticipates awarding grants for technology development in the fourth quarter of fiscal year 2004.

*Question.* Can the Committee expect to receive by April 1, 2004, the report directing TSA to provide options to inspect air cargo, the associated costs, and timetable for pursuing technological solutions to allow for the most efficient and targeted inspections of cargo being carried on passenger aircraft?

Answer. TSA has prepared the report to Congress covering potential technology solutions for cargo screening. Once review and coordination is completed through DHS, the report will be delivered to Congress.

*Question.* What enhancements are being made to the current Known Shipper program to guarantee the safety of air cargo?

Answer. Since 9/11, significant enhancements have been made to the Known Shipper program. The requirements for new shippers applying for Known Shipper status have been strengthened. In addition, methods for confirming the authenticity of established Known Shippers have been improved. In order to substantiate the legitimacy of known shippers further, air carriers have been required to conduct site visits of known shippers' facilities. Additionally, TSA is close to completing an automated Known Shipper Database, which will allow TSA to vet applicants to the program more thoroughly for legitimacy by comparing data submitted by applicants against terrorist watch lists, other government databases, and other publicly available information. Eventually, TSA's Known Shipper Database will be one part of a larger freight assessment database intended to target high risk cargo shipments for additional screening.

*Question.* Would it currently be feasible to inspect 100 percent of all air cargo being placed on aircrafts, as proposed by some in Congress, and, in your opinion, how do you feel the flow of commerce would be affected if air cargo was restricted from being placed on aircraft unless 100 percent inspection of air cargo took place?

Answer. It is neither feasible nor optimal to physically inspect 100 percent of air cargo. The sheer volume of air cargo transported in the United States and limitations on available technology render the inspection of all air cargo infeasible without a significant negative impact on the operating capabilities of the transportation infrastructure of the United States and the national economy. Limitations of technology and infrastructure make physical screening of 100 percent of air cargo impractical in terms of the flow-of-commerce. This would also be an ineffective use of homeland resources.

TSA's goal is to ensure that all cargo is screened to determine risk and that 100 percent of high-risk cargo is inspected. TSA is aggressively pursuing next-generation technological solutions. Meanwhile, TSA is taking steps to implement measures outlined in the Air Cargo Strategic Plan and is doing everything possible to ensure that cargo going on planes is secure, including requiring random inspections of passenger air cargo, prohibiting the transport of cargo on passenger aircraft by unknown shippers, and increasing the number of TSA air cargo compliance inspectors.

*Question.* To date, what has been learned of the pilot program conducted by the Transportation Security Administration, the United States Postal Service, and air carriers to assess the feasibility of using canine teams to screen certain classes of priority mail?

Answer. In early 2002, TSA, the U.S. Postal Service (USPS) and the aviation industry agreed that additional security screening measures needed to be identified and developed before resuming transport of mail on passenger aircraft. We agreed

that explosives detection effectiveness, throughput capacity, and costs associated with the screening were paramount considerations in identifying additional measures. Protecting the privacy of mail was also a critical factor in determining the least intrusive method to be used.

In June 2002, TSA conducted operational tests and evaluations (OT&E) at six major airports with assistance from the USPS and airline industry. The purpose of these tests was to determine and demonstrate the ability of TSA-certified explosives detection canines to detect explosives in packages that simulated Express Mail and Priority Mail products and which were independently introduced into actual mail. We also wanted to compare the throughput capabilities of both X-Ray and canine resources under actual airline operational conditions.

The results were successful. In November 2002, TSA established eleven major airport canine screening operations for priority mail exceeding a certain threshold through partnership agreements with the USPS and the airline industry. To date, over 17 billion packages have been successfully screened by TSA-certified explosives detection canine teams. Currently we are expanding our TSA Canine Pilot screening efforts into various cargo and mail equipment configurations. TSA is proceeding with OT&E in two phases:

—Phase I tested various explosive targets/distracters that were introduced into multiple cargo configurations at six major airports. All testing was conducted under actual cargo operations and various weather conditions. The OT&E is complete and the preliminary results are promising. The final report is due at the end of April 2004.

—Phase II is tentatively scheduled to begin in May 2004 and to be completed in July 2004. The tests will be conducted at six major airports where we will expand explosives detection investigation using multiple cargo airline containers, airline ground support equipment and USPS rolling stock equipment configurations under actual cargo/mail operations and environments. Test results will be analyzed and recommendations will be proposed to expand and streamline screening of cargo and mail exceeding a certain threshold at other major airports using TSA-certified explosives detection canine teams along with other technologies for mail and cargo being transported on passenger aircraft.

COMPUTER ASSISTED PASSENGER PRE-SCREENING SYSTEM (CAPPS II)

*Question.* The President's fiscal year 2005 budget requests a $25 million increase for the Computer Assisted Passenger Pre-screening System (CAPPS II) currently being tested by the Transportation Security Administration. However, CAPPS II has been slow in developing because of delays in obtaining passenger data needed for testing due to privacy concerns by air carriers.

How is the Department working with the airlines to alleviate privacy concerns in light of recent disclosures that air carriers have shared passenger records with other government agencies and private contractors without the passengers knowledge?

Answer. Comprehensive privacy training—in-person, online, and via video, for all employees is underway and on track towards completion by the end of calendar year 2004. TSA has already completed an initial "privacy education week" for all 55,000 employees that included live and video privacy training. Many other components of DHS already have systematic privacy education for employees—both upon hiring and annually thereafter. The DHS Chief Privacy Officer, assisted by a privacy compliance officer, has undertaken a DHS-wide review of internal education programs to ensure that all employees are aware of and tested on privacy practices and principles. The Privacy Office will report on the progress of this program in its annual report to Congress later this spring, and annually thereafter. Further, the DHS Chief Privacy Officer proposed the implementation of rules in the public and the private sector governing the use of private-sector data. The DHS Privacy Office has already begun work with numerous private-sector industry groups to facilitate that work. Organizations such as the U.S. Chamber of Commerce, the Council for Excellence in Government, the Air Transport Association, the Markle Foundation, and others, are all considering the evolution of public-private information partnerships. Further, the Department is reviewing the need for a department-wide Privacy Statement that would include principles for the use of private-sector data. Again, many DHS components already have their own privacy statements. We look forward to publishing a DHS Privacy Statement later this summer.

*Question.* When will the Department issue a security directive to mandate airlines to turn over passenger information to test the CAPPS II system?

Answer. A timeframe for collection of passenger data for testing is still under review.

*Question.* How can assurances be made to prevent identity theft by a potential terrorist intent on using legitimate individuals information to get around the CAPPS II background checks?

Answer. While no system can be 100 percent effective in preventing identity theft, we believe that the CAPPS II system will represent a quantum leap forward in efforts to defeat this growing problem. CAPPS II will rely on an improved version of the best practices used by the banking and credit industries to combat identity theft and fraud.

Where a legitimate identity is stolen, there is any number of indicia, including errors or inconsistencies in the information as transmitted by the thief, which could reveal the theft. Further, CAPPS II will make use of a database containing up-to-date information about stolen identities, which will further protect against terrorists who use this means to conceal themselves.

Again, no system can be 100 percent effective, which is why CAPPS II will be part of a layered "system of systems" involving physical scrutiny, identity-based risk assessment, and other security precautions on aircraft and at airports.

*Question.* Do you feel that such a funding increase is warranted for CAPPS II with the delays that have been faced to date?

Answer. Yes, because we expect a new system to be put in place during fiscal year 2005, which will require an increase in resources.

*Question.* The system currently operated by commercial airlines since 1996, CAPPS I, continues to have problems with "false positives" where passengers are erroneously delayed or prohibited from boarding their scheduled flights due to having a similar name with individuals that have been flagged by airlines as being a potential terrorist.

With the problems faced in the current CAPPS I system, what method of redress will be implemented with CAPPS II to resolve complaints of passengers who believe they are erroneously selected for additional security?

Answer. First, it is important to note that the ID authentication portion of the CAPPS II program under development is expected to reduce dramatically the percentage of individuals mistakenly flagged for automatic additional security screening. In the instances where individuals believe they have been mistakenly flagged under CAPPS II, TSA is committed to providing a fair, comprehensive, and customer-friendly redress process. As part of the development of the CAPPS II system, we are designing a redress process to resolve complaints by passengers who assert that they have been incorrectly prescreened or consistently selected for enhanced screening. An essential part of the redress process is the establishment of the CAPPS II Passenger Advocate. The Passenger Advocate will act as a surrogate for passengers who, for security classification reasons, will not have access to all the information used by CAPPS II. When a passenger submits a complaint and provides the Government with permission to observe and monitor the results of the risk assessment during the complainant's future flights, TSA will work with other government agencies and commercial data providers to determine if the complaint is related to prescreening or due to another part of the screening process (e.g., random selection), and determine if selection by CAPPS II is related to data that may be appropriately corrected. Passengers will be afforded the opportunity to appeal these results to the TSA Privacy or Civil Rights Office and then, if warranted, to the DHS Privacy or Civil Rights Office. The redress program will be published and widely publicized before CAPPS II is implemented.

*Question.* How does a passenger clear one's name if he or she continues to be flagged as a flight risk?

Answer. Under the current system passengers may be required to undergo secondary screening or be subject to other additional security procedures due to random selection, CAPPS I selection, or the TSA-administered No-Fly List. In addition, airlines may have their own criteria for singling out travelers distinct and independent of the current system. Since CAPPS I is administered by the airlines, TSA is only in a position to address passengers flagged as a flight risk based on the No-Fly List.

The Transportation Security Administration (TSA) currently has established procedures within the Office of the Ombudsman to receive and resolve complaints by any passenger denied boarding because the individual's name appears on the No-Fly List. A traveler who contacts TSA regarding possible discrepancies within the current system is asked a series of questions to ascertain whether the issue is related to the No-Fly List. If it is related to the No-Fly List, the traveler submits a written description of the problems encountered and proof of identity. Upon receipt, TSA will determine whether there is any threat to aviation or national security that would prohibit the individual from flying. TSA may conduct a background check in making this determination. If the traveler is cleared to fly, air carriers and other

appropriate parties will be notified. The TSA Office of the Ombudsman will forward a letter to notify the individual of the results.

CAPPS II, if implemented, will improve this system considerably. CAPPS II will reduce the number of persons requiring additional screening by ending the use of outdated information and rules resident in the CAPPS I system. Further, by using risk analysis and identity authentication tools, CAPPS II should substantially reduce the number of travelers automatically selected for secondary screening.

RESEARCH AND DEVELOPMENT

*Question.* The Congress made $154 million available for the Transportation Security Administration (TSA) to conduct research and development activities in an effort to improve current transportation sector security technology. Of the funds provided for fiscal year 2004, the Transportation Security Administration will target detection of chemical, biological, or similar threats and devices that could be released on or within an aircraft. With the testimony of Secretary Ridge before this Committee last month that the Department does not currently have the capability to screen for biological weapons that may be carried on board a commercial airliner, significant concern is warranted.

Will the Transportation Security Laboratory conduct separate research on methods to detect chemical or biological weapons or will this research be coordinated with the Science and Technology (S&T) Directorate and the work carried out currently within that directorate's Biological Countermeasures Portfolio?

Answer. TSA will be working closely with the S&T Directorate to identify technological solutions for screening to detect chemical and biological weapons. The TSA's Transportation Security Laboratory will play a critical role in identifying TSA's needs and specific operational considerations that must be taken into account as potential technologies are developed.

*Question.* The Transportation Security Laboratory previously focused solely on the threat to civil aviation but has begun research and development on threats against cars and trucks by explosives.

How will the Transportation Security Laboratory coordinate its research on transportation targets with the Science and Technology Directorate's High Explosives Portfolio?

Answer. TSA has a strong working relationship with the S&T Directorate. We continue to meet with S&T personnel on a regular basis to discuss ongoing projects to ensure no duplication of efforts and to ensure projects undertaken are consistent with the overall goals of DHS.

*Question.* Of the funds provided for fiscal year 2004, $45 million has been made available to develop next-generation Explosive Detection Systems (EDS) for the detection of explosive materials in passengers checked baggage.

How has the research and development progressed to date to enhance the performance of existing Explosive Detection Systems that are currently deployed at airports and also with manufacturers of new technologies and when will these new technologies be ready for deployment in our nation's airports?

Answer. Advances including reductions in false alarms, improved machine reliability, and reductions in operational expenditures have sufficiently matured where they will begin to be deployed by no later than next year based on currently-planned equipment deployments. capability, increased throughput, and reduce the size of EDS solutions. Some equipment will be best suited for smaller airports or checkpoints, while other equipment is being designed for in-line deployment.

New technologies will be developed under TSA's Manhattan II project. TSA will be posting a request for information in the third quarter of fiscal year 2004. While TSA will explore the potential of all relevant technologies, we expect promising technologies to include the demonstration of novel x-ray sources, different geometry, and the development of multi-spectral detector arrays. Combined technologies may play a role, and nanotechnology may provide new elements for detection strategies.

*Question.* Are there any new threat analyses that warrant a need to expand the criteria for certifying Explosive Detection Systems that are not currently included in the screening of passenger baggage?

Answer. TSA continually evaluates its certification criteria for explosives detection technology to ensure both the types and amounts of explosives that the technology can identify are reflective of the threat. TSA has efforts underway to expand the types of explosives that can be identified, while also reducing the amount of explosives that would automatically trigger detection.

*Question.* The Presidents fiscal year 2005 budget proposes to consolidate all research department-wide into the Science and Technology Directorate, except for the research carried out by the Transportation Security Administration's Laboratory.

With the concern of carrying out research in a parallel manner do you believe it would best serve the Department if the Transportation Security Administration research and development activities were consolidated with the Science and Technology Directorate research activities?

Answer. TSA believes that the constant demand for improved technology performance and the very specific detection capabilities needed to support TSA's mission requires that TSA have a highly specialized applied R&D program. As new weapons are developed, TSA must be able to meet its immediate operational needs by refining and enhancing current technologies to counter those threats and by identifying gaps to ensure R&D is well focused on continually improving capabilities. TSA must also be able to leverage its human factors efforts to identify methodologies, training and operational tools, and develop technology that will foster improved performance. TSA will continue to coordinate closely with the S&T to ensure that we can adapt to and address changing threats without duplicating S&T's efforts.

*Question.* In the search for new technology to detect and prevent weapons and explosives from being carried onto airliners, the Transportation Security Administration is evaluating technologies to make the screening process more effective and less time-consuming. How has the research and piloting of new passenger checkpoint technologies, such as passenger body scanners and explosive trace detection portals, made promising advances in detecting explosives and/or biological or chemical weapons from being carried onto commercial airliners and when do you believe the piloting of these new technologies at airports will take place?

Answer. TSA has developed a roadmap for the operational testing and evaluation of checkpoint technologies to improve TSA's ability to detect explosives being carried on persons and in carry-on baggage. Highlights from our Roadmap are as follows:

—*Explosives Detection Portals.*—Continued development and pilot deployment in the 3rd quarter of fiscal year 2004;

—*Document Scanners*.—Continued development and pilot deployment in the 2nd or 3rd quarter of fiscal year 2004;

—*Cast & Prosthetic Device Scanners.*—Continued deployment and pilot deployment in the 2nd quarter of fiscal year 2004;

—*Explosives Detection Systems (EDS) for carry-on baggage.*—Define performance metrics and solicit vendor participation 2nd or 3rd quarter of fiscal year 2004;

—*Explosives Detection Technology for screening liquids.*—Establish the performance metrics for this technology and solicit vendors of existing technologies to participate in an evaluation against this qualification standard.

LETTERS OF INTENT (LOI) FOR EXPLOSIVE DETECTION SYSTEM (EDS) INSTALLATION

*Question.* The Congress has made available over $1.5 billion for the installation of explosive detection systems and the Letter of Intent (LOI) program to safeguard commercial airliners from a terrorist attack by explosives.

What savings can be achieved on an airport-by-airport basis in personnel costs by installing Explosive Detection Systems "in-line" as opposed to terminal lobby protocols?

Answer. The degree of costs vs. benefits will vary from airport to airport because of differing airport configurations. TSA is in the process of refining its return on investment analysis model at the same time that it is revising its staffing model. TSA will continue to assess the extent to which in-line systems benefit operational efficiency.

*Question.* With the current cost share in place (90/10) and the President's budget request of $250 million, how many Letters of Intent does TSA intend on signing in fiscal year 2005?

Answer. TSA currently expects that all resources will be utilized for currently-signed LOIs as well as other EDS integration activities. However, TSA will assess the need for additional in-line integration and resource availability on an ongoing basis.

*Question.* How much of the $1.5 billion made available by Congress remains available for terminal modifications and what is the cost estimate to meet the necessary terminal modifications required at all commercial service airports across the country?

Answer. The $1.488 billion appropriated in fiscal years 2002, 2003 and 2004 has been used for the following requirements:

—$828 million to cover facility modification and equipment installation costs to meet the Congressional mandate to provide for and conduct 100 percent screening of all checked baggage for explosives at over 440 airports,

—$259.4 million in support of the first eight completed Letters of Intent (LOIs), including the 2 LOIs issued on February 15, 2004,

—$20 million for contract support to complete various tasks associated with the installation of explosives detection systems (EDS) and explosives trace detection (ETD) equipment, including site acceptance testing of EDS and ETD equipment at the time of delivery from the vendors and once installed at an airport, engineering and installation services from equipment vendors, and administrative and technical support work,

—$30 million to individual airports for completion of projects associated with EDS/ETD equipment installation, including HVAC installation, demolition work, and electrical work,

—The remaining $350 million of the fiscal year 2004 installation funding will be allocated for direct contracts between TSA and individual airports for in-line EDS installations, with a portion to be carried over into fiscal year 2005 to use along with fiscal year 2005 funding to make fiscal year 2005 LOI reimbursement payments for the 8 existing LOIs.

*Question.* Will the agency fund terminal modifications at airports outside of the LOI process?

Answer. At the current funding level, and applying the 75/25 cost share formula, TSA can support the following:

—Reimbursement payments for the 8 existing LOIs;

—Installation and multiplexing of EDS technology at the LOI airports; and

—EDS and ETD non-LOI installation work needed at 12 airports to provide equipment capacity. The airports selected in this category have a need for increased equipment capacity because of increased passenger loads and airport terminal expansion projects to support increases to air carrier service.

*Question.* With so many needs and limited resources, how is the agency prioritizing on an airport-by-airport basis?

Answer. TSA continues to use its prioritization factors to determine where limited resources will be allocated. TSA's first priority is to achieve compliance with the 100 percent electronic screening requirement at all airports. Simultaneously, TSA is working with airports that will not be able to maintain compliance with the 100 percent electronic screening requirement because of increased passenger loads, increased and/or additional air carrier service, and/or airport terminal modifications and expansions.

PASSENGER AND BAGGAGE SCREENERS

*Question.* In a report issued last month reviewing the Transportation Security Administration's process for conducting background checks on Federal passenger and baggage screeners, the Inspector General of the Department of Homeland Security made a list of twelve recommendations to the Administrator of the Transportation Security Administration to improve its management of the background check process for screeners. What procedures have been put into place to guarantee all passenger and baggage screeners that are currently employed and also individuals that are applying for a screening position have a full background check?

Answer. TSA is aggressively implementing the Inspector General's (OIG) twelve recommendations. A significant part of our actions have been focused on ensuring that all screeners have had the necessary background checks and that all screener candidates receive a background check before they are hired.

Processes are in place to ensure that all screener candidates are subject to a fingerprint based criminal history check that is successfully adjudicated BEFORE they are hired. In addition, prior to hiring, all screener candidates undergo a commercially conducted pre-screen investigation that checks criminal history (based on an FBI fingerprint check and a check of local criminal histories), credit history and specific watch lists (TSA's No Fly and Selectee Lists). Successful adjudication of both the fingerprint check and the commercially conducted pre-screen investigation are absolute requirements before hiring takes place. After hiring, all new screeners undergo an Office of Personnel Management (OPM) Access National Agency Check and Inquiries (ANACI) investigation.

This combination of background checks, both before and after hiring, provides the best available process to ensure security while maintaining a fully staffed screener workforce. The pre-employment checks (the fingerprint check and the commercially conducted pre-screen background check) take approximately 2–3 weeks to complete, thus allowing timely hiring of screeners. The OPM-conducted ANACI is more thorough but takes several months to complete; the ANACI provides a more in-depth review of a person's background which further mitigates security risk. TSA undertook a major effort in Q3/Q4 of fiscal year 2003 to complete and adjudicate the required background checks (fingerprint, pre-employment and OPM ANACI) on all

currently employed TSA screeners. Since then, all newly hired screeners have been subject to the processes and checks described above for screener candidates.

*Question.* The Transportation Security Administration is currently in the process of an annual recertification of airport screeners to be completed by the end of this month.

Can you explain the testing standards of the recertification process and what contractor oversight TSA is performing to ensure adequate testing the screeners for recertification is being carried out?

Answer. The Aviation and Transportation Security Act (ATSA) requires that TSA shall conduct an annual proficiency review of each individual assigned screening duties.

TSA completed the 2003/2004 re-certification process in March 2004 for both Federal and private contract screeners. TSA is meeting this requirement through a national re-certification program for Transportation Security Screeners, Leads, and Supervisors. For the 2003/2004 re-certification cycle (October 2003 through March 2004), the program consisted of a series of certification modules for either the Passenger/Dual Function (Passenger and Checked Baggage) or Checked Baggage screening function. The modules used were:

Passenger/Dual Function Screeners:

—*Module 1.*—Standard Operating Procedure (SOP) Job Knowledge Test, (Screener and Supervisor versions)

—*Module 2.*—X-Ray Image Interpretation Test, and

—*Module 3.*—Practical Skills Demonstration

Checked Baggage Screeners:

—*Module 1.*—SOP Job Knowledge Test (Screener and Supervisor versions) and

—*Module 3.*—Practical Skills Demonstration

In addition, a screener must have a "meets standards" for his/her annual Performance Rating by the FSD at his/her airport to be re-certified.

The national re-certification program's objective is to ensure that screeners demonstrated proficiency in the knowledge and skills that are critical to a screener's ability to provide world class security and world class service. As part of the development of this program, TSA employed a rigorous technical process to develop the assessment content and set proficiency requirements (i.e., passing scores) for each module. TSA implemented a valid and fair assessment process with the appropriate standards in place to certify that its screener workforce is proficient and capable of providing the security and service expected.

Modules 1 and 2 were administered by local FSD staff (in most cases the airport Training Coordinator). Our training contractor, Lockheed Martin, administered Module 3. TSA government employees conducted quality assurance audits of the contractor throughout the re-certification process and observed approximately 16 percent of the airports re-certification practical demonstrations.

*Question.* Are the screeners being tested on TSA standard operating procedures and what is the pass/fail rate of the screeners that have been tested so far?

Answer. Yes, screeners were tested on the standard operating procedures in Modules 1 (SOP knowledge test) and Module 3 (Practical skills demonstration). Less than 1 percent of the screeners failed fiscal year 2003–04 re-certification testing.

*Question.* Congress limited the number of screeners employed by TSA to 45,000 full time-equivalents (FTE). Currently TSA is under that threshold and intends on hiring more screeners to comply with the 45,000 cap. Do you believe that the 45,000 FTE limitation gives TSA an adequate number of screeners to carry out passenger and baggage screening?

Answer. TSA is managing to keep the workforce under the 45,000 FTE level by creating a more flexible workforce. TSA is better coordinating airline schedules and passenger load with staffing needs, is increasing the proportion of part-time to full-time screeners, and is strategically using its mobile national screener force to meet seasonal fluctuations in workload. TSA expects to have a part-time screener workforce of close to 20 percent by the end of the current fiscal year. Part-time screeners create additional operational flexibility when scheduling screeners to satisfy varying levels of demand. As a result of reducing excess capacity at periods of lower demand, TSA is seeking to make more FTEs available to the system as a whole during peak periods.

*Question.* Is the 10 minute passenger screening standard wait-time still in place or have new standards been implemented?

Answer. TSA is committed to providing world-class customer service while ensuring freedom of movement for people and commerce by keeping our nation's transportation systems secure. We have done research, including focus groups, on customer satisfaction and devised a more robust methodology to assess the passenger experience, focusing not just on wait times, but on the totality of customers' interactions

with the full range of screening processes. We have found that wait time is not a significant driver of the public's satisfaction with and confidence in TSA. In fact, most respondents in focus groups said that they would rather wait longer in line if security was better, and it is more important that the security process be thorough, attentive, and efficient than merely fast.

In light of feedback from our research, TSA has developed a Customer Satisfaction Index for Aviation Operations (CSI–A). The CSI–A is comprised of results from passenger surveys conducted at airports, along with national poll results and complaints and compliments received by TSA. Passenger survey results display a high level of customer satisfaction, as 92 percent of the more than 15,000 respondents indicated they were satisfied" or "very satisfied" with their overall experience. National polls conducted by the Bureau of Transportation Statistics bi-monthly support these findings of customer satisfaction. Finally, airports show a downward trend in complaints relative to compliments.

Nonetheless, TSA is committed to measuring wait time information at Federalized passenger checkpoints. In 2002, initial wait time data was collected at all 82 Category X and I airports (covering approximately 95 percent of annual originating enplanements). Wait times at the remaining airports are predicted to be minimal, so we collect data from a sampling of Category II, III and IV airports in order to identify trends. We have found that most airports do meet the 10-minute standard most of the time. TSA will continue to collect wait time data at all major and a sampling of smaller airports to establish a good understanding of wait times, as well as how our service and staffing models impact wait times. We will continue to monitor wait times system-wide—by collecting data at all major airports for a 2-week period 3 times per year—to ensure that the same patterns hold over time.

REGISTERED TRAVELER PROGRAM

*Question.* Congress provided $5 million for fiscal year 2004 for the Registered Traveler program to conduct a pilot program at selected domestic airports to expedite the security screening and check-in of passengers that voluntarily submit their personal data for a background check in order to be enrolled into a passenger registration and identity verification system.

What has been accomplished to date on the Registered Traveler program with the funds provided by Congress? What do you intend to accomplish in the pilot program by the end of fiscal year 2004, and what enhancements do you propose with the requested increase of $10 million for fiscal year 2005?

Answer. Over the past year, TSA, in coordination with both internal and external stakeholders has developed a strategy for conducting a limited number of Registered Traveler (RT) Pilots in 2004 that will allow the Department to evaluate the merits of the program without disrupting airport operations or compromising security.

TSA intends to conduct RT Pilots at a limited number of airports beginning in June 2004. The Pilot programs will assess improvements in security and enhancements in customer service for passengers. The pilots will last approximately 90 days. Results of these pilots will be analyzed beginning in October 2004 to determine the program's effect on security and service.

Upon conclusion of the pilots, a determination will be made regarding best practices and necessary enhancements required for a larger implementation of the program. The fiscal year 2005 budget request includes $15 million for additional start-up costs, such as IT infrastructure and staffing for this program. TSA anticipates that future operational program costs for the Registered Traveler Program would be covered by fees incurred by participants. Thus, the Registered Traveler Program would be self-funded.

*Question.* Will biometrics be the cornerstone of the Registered Traveler program or will is it be just one component being considered as the pilot program takes place?

Answer. During the RT Pilot, TSA will assess biometric technology solutions to enhance identity verification capabilities at the passenger security checkpoint. These biometric tools will be tested in conjunction with business processes, including potential reconfiguration of lines and lanes, to develop a secure and expedited travel experience.

*Question.* Do you see Registered Traveler as a precursory test for CAPPS II?

Answer. The Registered Traveler Pilot Program is purely voluntary and will offer a secure and expedited travel experience for those who wish to participate. In addition to submitting personal data, RT participants will also be requested to submit biometrics (fingerprint and iris scan) that will not be components of the CAPPS II program. However, depending on the nature and structure of any deployable RT and

CAPPS II program, there may be clear functional synergies and overlapping capability. TSA will work to ensure that these are identified and assessed.

*Question.* In what airports will the pilot programs take place and how will travelers voluntarily sign up?

Answer. Final decisions regarding specific locations for the Registered Traveler Pilot have not yet been made. TSA envisions that voluntary enrollment for the RT Pilot will likely take place at the designated airport locations.

TRANSPORTATION SECURITY ADMINISTRATION FISCAL YEAR 2004 SHORTFALL

*Question.* Does TSA have adequate funding for fiscal year 2004 or is it facing funding shortfalls in certain programs and activities?

Answer. The fiscal year Homeland Security Appropriations Act was signed into law on October 1, 2003. In addition to these new appropriations, TSA has carryover funding from fiscal year 2003 that is available to be spent in fiscal year 2004. A spend plan has been developed for fiscal year 2004 that allows TSA to meet its requirements within available funding.

*Question.* What specific funding shortfalls do you anticipate for fiscal year 2004?

Answer. TSA anticipates that it will meet its fiscal year 2004 requirements within available funding.

*Question.* How do you intend to address the funding shortfall problems (better management and fiscal controls, a proposed reprogramming of TSA funds, or other funds provided to the Department from other programs and activities)?

Answer. TSA has been working to improve its fiscal controls and management of the agency as it transforms itself from a start-up agency to a maturing organization. In fiscal year 2004, TSA is requesting $154.6 million in funding to be shifted among programs to meet emerging requirements.

*Question.* If a reprogramming of funds will be necessary, when can we expect that proposal to be submitted to the Committee?

Answer. The reprogramming was transmitted to Congress on April 23, 2004.

*Question.* Will an amendment to the fiscal year 2005 budget request, as submitted, be required in light of these shortfalls?

Answer. The Administration does not intend to submit a fiscal year 2005 budget amendment for TSA.

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QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

TSA: SECURITY CONTRACT

*Question.* We recently received notification of a security contract for TSA facilities in Northern Virginia that totals a minimum of $5.3 million a year for 5 years. That appears to be an extremely large amount of money to provide staff and equipment to screen people and their belongings as they enter the two facilities.

Please justify for the record the number of security employees and types of equipment that your agency will be obtaining under this contract. If the response needs to be classified, please provide the subcommittee with an appropriately classified response.

Answer. The contract security guard force at TSA Headquarters at Pentagon City and the Transportation Security Operations Center (TSOC) (formerly TSCC) in Chantilly, Virginia is responsible for protection of the facilities and for processing the entry of employees and visitors to both locations. The decision was made pursuant to guidance received from the Department of Homeland Security (DHS) and also to comply with the guidelines established by the Department of Justice (DOJ) in 1995, entitled "Vulnerability Assessment of Federal Facilities." Security surveys and risk/threat assessments for both facilities confirmed the level of security required. Both facilities house Sensitive Compartmented Information Facilities (SCIF) within their space, as well as other sensitive critical assets. Director of Central Intelligence Directive (DCID) 6/9, effective 18 November 2002, requires an immediate security response to an alarm in this facility. (DCID 6/9; 3.1.2.1) Additional factors, including the fact that both facilities are operational 24 hours a day, 7 days per week and the ongoing threat environment, impacted the decision.

The TSA Protective Security contract was solicited on a competitive basis among eight vendors. This acquisition was awarded utilizing those contractors from the General Service Administration's Federal Supply Schedule 98 (Law Enforcement—Security Facilities Management). Under these guidelines, a 5-year firm-fixed labor hour Blanket Purchase Agreement (BPA) was awarded. Each year, funded individual task orders will be written and ordered against the BPA. After conducting market research on the per hour cost for Security Guards in the DC Metro area,

it was determined that a single contract with one security guard company managed by TSA would be the most cost effective. Among the eight vendors bidding for the contract, the one chosen was the less expensive of the two most qualified vendors, and the cost was well within the Washington area average.

Under this contract, the security guard company will be providing personnel with weapons and uniforms, obtaining clearances for the guards, supplying associated security equipment and training for its personnel, and providing on-site supervision. Security personnel employed by the contractor to protect TSA's facilities are U.S. citizens, and many of them are armed or possess Secret Security Clearance, or both. The total man-hours worked by the Security Guard personnel at both TSA Headquarters and TSCC is approximately 4,000 hours per week. Besides the screening of visitors and their belongings prior to entering TSA facilities, duties include providing escort for contractors, security for VIP visits, responding to alarms, patrolling the grounds and staffing the control center at both locations for 24 hours, 7 days a week.

EXPLOSIVES DETECTION FOR PASSENGERS

*Question.* In December, 2001, Richard Reid was prevented from exploding his improvised "shoe bomb" due to quick action on the part of the passengers and crew of an American Airlines flight from Paris to Miami. In the intervening 2 years, we appear to have increased the screening of checked baggage for explosives, but there appears to be little effort being made to enhance the screening of passengers themselves for hidden explosives.

The technology and equipment exist to non-intrusively screen passengers for explosives. What is TSA doing to address this potential threat? How much of your fiscal year 2005 budget request is devoted to enhanced screening of passengers for explosives? Of the requested funds, how much are estimated to be used to procure the latest proven explosive detection portals?

Answer. TSA has developed a roadmap for the operational testing and evaluation of checkpoint passenger screening technologies to improve TSA's ability to detect explosives being carried on persons and in carry-on baggage. Below is a list of the technologies to be pilot tested at airports and the timeframe in which that testing will be accomplished:

—Explosives Detection Portals—continue development and pilot deployment in the 3rd quarter of fiscal year 2004;

—Document Scanners—continue development and pilot deployment in the 2nd or 3rd quarter of fiscal year 2004;

—Cast & Prosthetic Device Scanners—continue development and pilot deployment in the 2nd quarter of fiscal year 2004;

—Explosives detection systems (EDS) for carry-on baggage—define performance metrics and solicit vendor participation 2nd or 3rd quarter of fiscal year 2004; and

—Explosives detection technology for screening liquids—establish the performance metrics for this technology and solicit vendors of existing technologies to participate in an evaluation against this qualification standard.

AIRPORT FUNDING FORMULA CHANGES

*Question.* President Bush signed the FAA Reauthorization bill into law in December, 2003. That law mandates that the Federal government, through the TSA, cover 90 percent of the costs associated with airport security improvements including the installation of explosive detection devices. Less than two months later, however, the President submitted a budget to the Congress that would increase the burden on airports for meeting Federal security mandates. He proposes to change the amount of the Federally-covered expenses from 90 percent to only 75 percent. This appears to be yet another example of this Administration passing the security buck to someone else. In this case it is the airports and local taxpayer-funded airports. In other cases it is seaports or some other transportation entity.

How can the Administration justify agreeing to fund 90 percent of airport security costs in December and then provide funding for only 75 percent of the costs in February?

Answer. The 75 percent Federal funding level has been a long established cost share formula with the aviation industry. Because industry shares security responsibilities with the Federal Government, and because airports and airlines receive efficiency benefits from in-line systems, it is fair that they also share financial responsibilities at this level for installation of systems that will ease passenger flow and provide increased security levels at airports. Additionally at the 75 percent cost share related, TSA can use it allocated funding to support current LOI airports as

well as those airports that have not received LOI but were additional equipment capacity is needed to accommodate increased passenger loads.

CARGO AND CONTAINER SECURITY

*Question.* Two years ago, Congress created and funded Operation Safe Commerce. Late last year, the Bureau of Customs and Border Protection announced a "smart container" initiative. And just 2 weeks ago, the Homeland Security Advanced Research Projects Agency issued a solicitation for inexpensive container security technologies and offered up to $2 million towards that effort. It appears to me that there are too many cooks in this particular homeland security kitchen. Who is in charge of the security of shipping containers? Which agency is setting the standards and which one or ones is responsible for implementing them?

Similarly, in regard to Operation Safe Commerce, what is TSA doing to set shipping security standards and how is TSA working with CBP in this effort? Once the various OSC shipping tests are completed and the reports submitted, who will be in charge of implementing the "lessons learned" and ensuring that they are implemented? Do you envision the establishment of national standards in this regard?

Answer. Secretary Ridge delegated authority and responsibility for implementing the Maritime Transportation Security Act's Secure Systems of Transportation (SST) and performance standard sections to BTS.

In order to ensure that international and domestic approaches to cargo security are coordinated and policies are consistent, under BTS leadership, a working group consisting of TSA, CBP, USCG and S&T personnel has been meeting regularly, and is conducting a gap analysis on existing cargo security and intelligence programs, coordinate existing containerized cargo security programs and R&D efforts to identify synergies and coordinate existing DHS component activities in the containerized cargo security environment.

The goal of this effort is to ensure effective cargo security from point of origin to final destination. We will achieve this goal by leveraging existing legacy programs like CSI and CTPAT, adding enhancements, and setting minimum performance standards to close identified vulnerabilities. We will also apply lessons learned from Operation Safe Commerce and the SST interagency working group with CBP and USCG.

AIRLINE PASSENGER SCREENING: WAIT TIMES

*Question.* Last summer, my staff asked TSA personnel for information regarding wait times experienced by airline passengers at various airports. We are concerned that the cap on passenger screeners might be resulting in an increase in the time spent by passengers waiting in lines to be screened. My staff has renewed that request at regular intervals, and yet no information has been provided to them.

Last week, my staff went to Seattle on subcommittee business and had meetings with TSA personnel at the Seattle-Tacoma Airport. They were informed that records are kept every half hour of wait times at the various checkpoints at SeaTac and that average wait time information is submitted to TSA headquarters. Why have your representatives been unable to provide my staff with the requested information? When can we expect to receive this information?

Answer. Each month, TSA instructs approximately 26 U.S. airports to conduct a wait time study covering two consecutive weeks. These airports are selected according to geographical and size categories in order to allow TSA to extrapolate across the full range of airport diversity. All Category X and I airports—as well as select Category II, III and IV airports—will be chosen to collect data at least three times each over the course of the year. The monthly airport selections are balanced in order to provide consistent data for headquarters analysis.

In March, the average wait time for the sample of 26 airports was 3.1 minutes, with an average of 10.4 minutes at peak time. At Seattle, average wait time was 4.2 minutes and the average at peak time was 16.5 minutes.

RAIL SECURITY

*Question.* Current events such as the subway and rail bombings in Moscow and Madrid prove the point that we need an agency solely focused on protecting all modes of transportation. Congress created the Transportation Security Administration for just that purpose. In light of the Madrid bombings, has TSA developed a broader-based plan that would address the known threat to mass transit and rail security? Did TSA request additional fiscal year 2004 funds from the Department to assist in implementing this plan?

Answer. In the months preceding the Madrid and Moscow incidents, DHS, in close coordination with our partners at the Department of Transportation (DOT), State

and local governments, and transit and rail operators, took a number of steps to address vulnerabilities in the rail and transit systems to improve our security posture against such attacks. These efforts spanned the spectrum of security, from information sharing and awareness through prevention, response and recovery to a potential terrorist rail attack in the United States.

On March 22, 2004, Secretary Ridge announced additional measures to strengthen security for our rail and transit systems. Most of these measures were low or no-cost items and procedures funded out of existing agency resources. DHS will build on many of the security measures recommended during the past 2 years for implementation to mass transit and passenger rail authorities by DHS, the Federal Transit Administration and the Federal Railroad Administration.

Based on assessments from law enforcement and intelligence agencies, specific threat assessments and analysis, and the use of risk management principles, TSA continually evaluates, prioritizes and targets the use of available funds to reduce or eliminate the security threat.

*Question.* What is TSA doing to more systemically address these threats rather than just reacting to them? Is TSA coordinating efforts in this regard with other agencies in the Department of Homeland Security?

Answer. Ensuring that our nation's transportation systems are secure must be accomplished through effective partnering between appropriate Federal, State, local and private industry entities. We have consistently held that that this responsibility must involve the coordination of appropriate Federal, State, local and private industry partners, many of whom were already in the business of providing security for their particular piece of the transportation puzzle. TSA's main charge, both under ATSA and now as part of the DHS family, is to help coordinate these efforts under the guidance of the Secretary and the Under Secretary for Border and Transportation Security, identifying gaps and working with appropriate partners to ensure that existing security gaps are filled. However, other entities within both the Department and other agencies in the Federal Government have devoted considerable resources to securing modes of transportation other than aviation, including the Coast Guard and U.S. Customs and Border Protection for port, maritime and cargo security, the Information Analysis and Infrastructure Protection Directorate for critical infrastructures; the Office of Domestic Preparedness in transit security grants; DOT modal administrations; and State, local and private sector partners.

TSA's efforts in non-aviation security over the past 2 years have focused on greater information sharing between industry and all levels of government, assessing vulnerabilities in non-aviation sectors to develop new security measures and plans, increasing training and public awareness campaigns, and providing greater assistance and funding for non-aviation security activities. In partnership with other component agencies of the Department of Homeland Security (DHS) and in coordination with the Department of Transportation (DOT), State, local and private sector partners, TSA will continue to leverage existing security initiatives, coordinate the development of national performance-based security standards and guidance; identify areas where regulations may be necessary to improve the security of passengers, cargo, conveyances, transportation facilities and infrastructures; and identify areas where better compliance with established regulations and policies can be achieved. TSA will work with DHS components, modal administrators within DOT, and its government and industry stakeholders to continue these efforts, establish best practices, develop security plans, assess security vulnerabilities, and identify needed security enhancements.

CANINE TEAMS

*Question.* You mention in your testimony that you request $17 million in fiscal year 2005 to support 354 canine teams. Your prepared statement on this funding seems solely focused on aviation security as it relates to K–9 teams. Yesterday, as part of his rail and transit security initiative, Secretary Ridge said that the Department will develop a rapid deployment Mass Transit K–9 program by using existing Homeland Security explosive K–9 resources.

Once again, it appears that the Department is robbing Peter to pay Paul. It appears that you will be pulling K–9 teams away from airports and the protection of Federal buildings and using them for mass transit, thus degrading security in one transportation mode to begin beefing up security in another mode. By refusing to seek additional funds to address this very real threat it truly calls into question the seriousness of this Administration in its effort to secure the homeland.

Does the initiative announced yesterday mean that you will be pulling existing K–9 teams away from protecting airports and Federal buildings to use them for rail and mass transit security? Did TSA request funds for the creation of new teams this

fiscal year to address the threat to mass transit? Do you anticipate receiving any new resources this year for the creation of canine teams dedicated, trained, and certified for the rail environment? If the Department plans on waiting until the fiscal year 2005 Homeland Security appropriations bill is signed into law, I would caution that intelligence indicates the threat is imminent and the Department's track record on obligating grant funding is spotty at best.

Answer. DHS will establish Rapid Response Teams (i.e., K–9 units) for rail and mass transit security through the Federal Protective Service (FPS). FPS will utilize dog team reasources from across the government. TSA will not be pulling canine units out of the airports unless, potentially, this is part of an action to respond to specific incidents or intelligence which warrants use of a Rapid Response Team. TSA will use its existing resources to provide dog team training assistance to transit operators

THE THREAT FROM HAMAS

*Question.* On March 22, the so-called spiritual leader of Hamas, Sheik Ahmed Yassin, was assassinated in an attack authorized by Israeli Prime Minister Sharon. It was an attack about which the U.S. government apparently had no advance knowledge. However, as a result of the attack, Hamas has stated that it blames the United States and there are some reports that it plans to bring its reign of terror to U.S. shores.

Not only was Sheik Yassin a spiritual leader, he was also known as the "father of the suicide bomber". I am deeply troubled that the "eye for an eye" tactics of daily life in the Middle East may soon arrive here at home. We have already witnessed backpacks exploding and killing over 200 in Madrid. Based on the Secretary's statement of March 22 and the threat advisories we have seen, I fear that it will not be long before suicide bombers begin detonating themselves in our public places, our sidewalk cafes, our buses, or our subways.

What is the Department doing to prevent these types of suicide attacks in this country? Are there plans prepared to address this looming threat? Or does the Department just plan to wait for the inevitable attack and then respond?

Answer. Suicide bombers usually look for crowded public locations (shops, restaurants, clubs, etc.) to detonate themselves for the sole purpose of killing and injuring as many people as possible. Public transportation targets in other parts of the world have been subjected to suicide bomber attacks, especially busses. Stopping suicide bombers intent on detonating themselves on or near a bus, ferry or other mass transit venue or terminal requires at minimum a multi-pronged approach that includes: (1) good intelligence and law enforcement response; (2) training operators to recognize the behavior patterns and mannerisms of suicide bombers; (3) and educating passengers to do the same. We also should explore physical inspection alternatives, as we are doing on a test basis in New Carrollton, Maryland. It is not clear, however, if this alternative is viable or effective.

TWIC

*Question.* The MTSA requires the creation of a national Transportation Worker Identification Credential (TWIC). Truck drivers, airport employees and all other individuals requiring access to secure transportation areas in the performance of their duties will be required to carry this credential. Please provide the Administration's views on the wisdom of using a centralized and existing card production facility for the production of the TWIC cards, including an evaluation of the associated costs and benefits. What is the status of the prototype project?

Answer. During the development process, data, technical information and lessons learned were gathered from a wide range of sources including industry stakeholders and other Federal credentialing projects. The RFP for the TWIC Prototype Phase will be released in the immediate future. The proposed plan leverages the stakeholder relationships established over the past 24 months and during the Technology Evaluation Phase, as well as a partnership with the State of Florida for the network of deep-water ports. The goal of the prototype is to evaluate the full range of TWIC business processes within a representative operational environment. The plan includes facilities and workers from all transportation modes and is focused in three regions, Philadelphia-Wilmington, Los Angeles-Long Beach, and the Florida ports.

Various card production options were evaluated within the context of system requirements. Centralized card production using existing Federal card production facilities that meet all of the system requirements was determined to be the most cost effective solution for the prototype phase. Key factors in the evaluation included: physical security and controlled access to the production process; secure supply chains for card stock and special security features (e.g. holograms, special inks, se-

cret keys); standardization of training; and, economies of scale with high capacity production machines. Centralized card production will be further evaluated during the prototype, and the final evaluation report will include a detailed analysis on all card production options and a recommendation for DHS decision.

REGISTERED TRAVELER

*Question.* Last week TSA announced its plan to begin a registered traveler program in which frequent airline travelers would pay a fee and be provided expedited processing at airport security checkpoints. Your budget request includes $15 million to "expand contract support and technology resources". Please describe the planned registration fee and the estimates of the total cost of the program. How much would the fee need to be increased to cover the proposed $15 million proposed expansion. How can the full cost of the program be recovered from business travelers and others who voluntarily join the program as opposed to passing on some of the costs associated with the program to all taxpayers?

Answer. TSA intends to conduct RT pilots projects at a limited number of U.S. airports beginning in June 2004. The pilot programs will assess improvements in security and enhancements in customer service for participating passengers. The pilots will last approximately 90 days. Results of these pilots will be analyzed beginning in October 2004 to determine the program's effect on security and service.

During the RT pilot, TSA will test technology in the form of biometric tools to enhance identity verification at the passenger screening checkpoint, in conjunction with business processes, including potential reconfiguration of select checkpoint lines and lanes. TSA will be testing a range of technology and operational variables. The RT pilots will monitor and assess possibilities for a secure and expedited travel experience for those who volunteer to participate in the program. The number of participants in the RT pilots will be capped at 10,000 spread across a small number of airport locations. It is anticipated that this small RT pilot test will not have a detrimental effect on either those who do not volunteer or on the screener workforce. Upon conclusion of the pilots, determinations will be made regarding best practices and necessary enhancements required for a larger implementation of the program.

The cost of the RT pilot programs will be funded by $5 million earmarked for the Registered Traveler program in the Homeland Security Appropriations Act, 2004 (Public Law 108–90). Contrary to what was reported in the media, TSA is not planning to charge a fee to passengers who participate in the 90-day RT pilots.

TSA will await the results of the pilot program prior to making any decisions regarding the implementation of a Registered Traveler program in fiscal year 2005, including what costs would be incurred by those passengers who wish to participate in the voluntary program. TSA anticipates that future operational program costs for the Registered Traveler Program would be covered by fees incurred by participants. Thus, the Registered Traveler Program would become self-funded.

HOLLYWOOD JOB

*Question.* I understand that TSA is looking to hire an individual to serve as a liaison to the Hollywood film and television industry and that the person would be paid at the GS–15 level. How many TSA screeners could be hired with the $136,000 that the GS–15 Hollywood liaison will be paid?

Answer. Public Affairs utilized an open, funded position from one of its bureau offices to create the Director of Entertainment Liaison position to represent the entire Department. By taking an FTE from an office where reorganization had created efficiencies in workload, the position utilized those efficiencies to create a position with value added to the Department.

The Entertainment Liaison Office is a necessary addition to the Office of Public Affairs. This person will work with television and movie producers to ensure that they do not take "editorial license" with Homeland Security matters that could provide the public with false impressions or inaccurate information. We spend a great deal of effort to educate people to help them to be better prepared for any possible disaster—natural or manmade. Millions of Americans get information through the entertainment industry. This position will help to ensure that these people get an accurate portrayal of the department's mission, policies, and activities, while proactively working to help the American public better identify DHS functions. The Entertainment Liaison office will guide the direction of documentaries and law enforcement "reality" shows to provide real information about how the country is better prepared today.

This is not a unique position in government. Many other Federal agencies already utilize a liaison with the entertainment industry. The CIA has a Hollywood liaison, and the Department of Defense houses a large staff to serve the same function.

This position hired at a salary level of $136,000 (GS–15) would be comparable to hiring approximately 3 TSA screeners (see breakout below.)

| | |
|---|---|
| Base salary | $23,600 |
| Locality pay (assumed Los Angeles area) | +4,732 |
| Benefits | +8,260 |
| Dual position training | +3,130 |
| Total | 39,722 |

$136,000/39,722=3.4 screeners.

MARITIME AND LAND: A LACK OF FOCUS

*Question.* I remain strongly concerned that moving the funds from TSA will result in a diminishment of focus from your agency—and the Department—on non-aviation modes of transportation. That would be in direct contravention of the intent of Congress when it passed the Aviation and Transportation Security Act in November 2001. That Act gives TSA the responsibility for "security in all modes of transportation."

During the hearing, you indicated that upon further reflection in regard to the movement of TSA's grant funds to ODP, the Department had determined that TSA's "subject matter specialists/expertise" would remain at TSA. Please confirm for the record that this statement is accurate. If this is not the case, please explain why and please tell the subcommittee when you learned that this would not be the case and from whom. Also, please provide the Subcommittee with the number of subject matter specialists TSA employs as of March 19, 2004, in the areas of mass transit, seaports, rail, trucking, and buses.

Answer. It is anticipated that the Transportation Security Administration (TSA) will continue to provide operational expertise on the grant programs through participation in pre-award management functions. These include determination of eligibility and evaluation criteria, solicitation and application review procedures, selection recommendations and post award technical monitoring.

As of April 21, 2004, the Transportation Security Administration (TSA) surface transportation (i.e., maritime and land) had 120, including 23 for rail and mass transit, and 14 for the maritime environment TSA is reorienting its subject matter expertise as roles and missions are better defined between itself and other DHS components. As TSA expands its activities on in rail and mass transit security, for example, we would expect to have additional subject matter experts and few in other areas where such experts exist in other DHS components.

CAPPS II—TESTING

*Question.* Also, of the funds requested for this program in the fiscal year 2005 budget request, what is requested solely for additional testing of the program—as opposed to implementation and operation of the system?

Answer. There are two components to the plan for CAPPS II testing: testing with historical PNR data and full system testing that will take place once connectivity is established with an airline to test with live data. TSA estimates the cost associated with completing system and performance testing at $5 million. This involves testing the system "end to end" to validate the ability of the system to receive all of the different types of records from the airlines and post the results of the risk assessment on the boarding pass. Once system testing has been completed, performance testing is required to verify that the time required to complete each end-to-end transaction meets the system performance standards.

AIR CARGO SECURITY

*Question.* On December 24th, 2003 six flights between Paris and Los Angeles were cancelled due to security concerns. In the week following the cancellation, U.S. officials "significantly increased" inspection of air cargo on foreign flights—a source of widespread concern as a potential mode of attack for terrorist.

The vast majority of cargo carried on passenger aircraft still is not screened for potentially deadly threats. Their checked bags and carry-on luggage are screened—even their persons are submitted to oftentimes humiliating searches, but other forms of cargo carried in the belly of the plane are not. In fact, according to a September 2003 report issued by the Congressional Research Service less than 5 percent of cargo placed on passenger airplanes is screened.

The Aviation and Transportation Security Act requires that the agency "provide for the screening of all passengers and property, including United States mail,

cargo, carry-on and checked baggage, and other articles that will be carried aboard a passenger aircraft," yet TSA is primarily relying on an administrative process called the "known shipper program" to meet this requirement instead of physically screening the cargo.

Sadly—even after this Committee and this Congress added funds in last year's budget to enhance research and test methods of inspection for air cargo—your budget fails to provide increased funds to address this very real threat. Mr. Secretary, why have no funds above the $85 million Congress provided in fiscal year 2004 been requested for fiscal year 2005? Does the Bush Administration believe that the threat to air cargo is not real?

Answer. DHS is committed to a strong air cargo screening program and its request bears this out. The Administration's fiscal year 2005 budget request represents a significant increase over the fiscal year 2004 request, and is consistent with the additional funds appropriated last year by Congress in excess of the fiscal year 2004 request, which are being used to accelerate TSA's air cargo security program. TSA has already taken a number of significant steps to reduce vulnerabilities in this arena, including prohibiting cargo from unknown shippers, significantly increasing the number of physical inspections of air cargo on passenger and all cargo aircraft, increasing its air cargo inspections workforce, strengthening the criteria for consideration as a known shipper, automating the validation of known shippers and indirect air carriers, and expediting research and development efforts to identify potential new technological solutions for the inspection of air cargo on passenger aircraft. TSA is also working closely with CBP to develop a targeting tool which will permit effective identification of high risk cargo with the ultimate goal of requiring the inspection of all such high risk cargo.

TSA is committed to a threat-based, risk-managed approach to air cargo security. The Air Cargo Strategic Plan outlines a layered security strategy that does not rely on any single solution, but rather, includes measures that secure critical elements of the entire air cargo supply chain, with the ultimate goal of assessing the relative risk of air cargo and then focus existing resources on inspecting 100 percent of cargo that is determined to be of higher risk. Among the layers within the cargo security system are the Known Shipper program, Indirect Air Carrier certification system, procedures to secure cargo during transport to the airport, training of air carrier and Indirect Air Carrier personnel, and screening directives established in November 2003. TSA has expanded the Known Shipper database by involving more companies and collecting more information. A key change to the Known Shipper program will be the full deployment of TSA's pilot Known Shipper Automated Database. TSA has already begun to implement this automated database and expects full deployment by the end of the calendar year. TSA is committed to advancing evolving ideas and concepts that can be analyzed and implemented to make the cargo security system even more secure. TSA is also aggressively pursuing next generation technological solutions that will allow us to enhance security for the entire air cargo supply chain.

*Question.* The fiscal year 2004 Homeland Security Appropriations Act called for the hiring of 100 new inspectors to begin a more rigorous focus on air cargo security. We are now halfway into the fiscal year, but I understand that TSA has only offered positions to five people. Why has TSA made so little progress on this important program over the last 5 months? Is hiring air cargo security inspectors not a high priority for TSA?

Answer. The funding provided in the Department of Homeland Security Appropriations Act, 2004 (Public Law 108–90) enabled TSA to hire 100 new cargo inspectors. All 100 cargo inspector positions have been selected, and paperwork is being processed by TSA Human Resources. We anticipate extending job offers to these applicants and bringing them on board within the next 2 months.

TSA: SLOW MOVEMENT OF APPROPRIATED FUNDS

*Question.* The fiscal year 2004 Homeland Security Act was signed into law on October 1, 2003. Yet in the intervening six months, TSA has yet to obligate the $22 million Congress appropriated for trucking industry grants, the $17 million we provided for Operation Safe Commerce, the $10 million we provided for bus security grants, the $7 million we provided for hazardous material grants, nor the $4 million we provided for nuclear detection and monitoring. Additionally, $50 million still remains unobligated from the funds Congress provided for port security grants.

Please respond for the record on when we can expect these funds to be obligated. The threat to these transportation modes is real and the delay in getting these funds out to the intended recipients does not lay with the Congress.

Answer. In the coming months, TSA plans to request proposals for funding or announce awards for a number of programs. These include:

—TSA anticipates issuing a Request for Applications (RFA) for both the fourth round of Port Security Grants Program ($50 million remaining from fiscal year 2004) and Intercity Bus Security grants by late spring, 2004, with final awarding of grants expected in late summer.

—A fourth quarter fiscal year 2004 release of the RFA is anticipated for both the Highway Watch Program and Operation Safe Commerce, with final award anticipated in the fall.

—TSA intends to announce Request for Proposals for the Truck Tracking Project in early summer. Final award is anticipated in early fall, 2004.

—Award for Nuclear Detection and Monitoring is anticipated by mid-summer, 2004.

TSA FUNDING: ADEQUACY OF FEES

*Question.* Your budget request for fiscal year 2005 assumes that you will receive $750 million in air carrier fees. The Congressional Budget Office estimates that only a total of $350 million of these fees is expected to be collected during the fiscal year. If that is correct, your budget request is already short by nearly $400 million. I understand that you have the authority administratively to require the collection of the total amount of $750 million of these fees. Do you intend to use that authority?

If you do not intend to exercise your authority, this Committee certainly does not have the resources to fill that kind of a gap in funding. Will you be submitting a budget amendment to seek the additional $400 million? If you do intend to exercise this authority, please provide this Subcommittee with your schedule for announcing this change.

Answer. The air carrier fee was established by Congress as a means to allow the Federal Government to offset some of the costs it assumed from the airlines when the responsibility for passenger and property screening shifted from those airlines to the Transportation Security Administration. The Aviation and Transportation Security Act set the maximum level of this fee at the cost that the airlines incurred for providing security screening in 2000.

To assist TSA with determining what the airlines had spent on security screening prior to TSA assuming those functions, the agency required airlines to complete an extensive cost questionnaire on the costs the carriers incurred in 2000. Industry memorandums and Congressional testimony both pre and post 9/11 indicated that the airlines spent as much as $1 billion on security screening. Based on that information, TSA conservatively estimated that the industry's costs would be $750 million. However, the total reported by the airline industry through the cost questionnaires was around $350 million. Independent audits also could not validate the completeness of the industry's reported costs. As the air carrier fees are currently being paid based on the airline cost submissions, there is an approximately $400 million difference between fees being paid and costs originally reported by the industry.

TSA is continuing to review the results of the audits and is working with the airlines to validate their cost data. Should the data be substantiated, TSA will consider the use of its administrative authority to allocate and obtain these fees. Other alternatives under consideration are the resubmission of the legislation proposed by the Administration early in the current Congress, as well as technical adjustments to TSA appropriations language that would mandate fee collections.

INSUFFICIENT USE OF SCREENING EQUIPMENT—GAO TESTIMONY

*Question.* On February 12, GAO's Director for Homeland Security and Justice, Cathleen Berrick, testified before the House Subcommittee on Aviation. In her testimony, she observed that while the TSA has made progress in its checked baggage processes, "it continues to face challenges in attaining 100 percent screening using explosive detection systems 100 percent of the time." She notes that, "Of the airports reporting that they were not screening 100 percent of checked baggage the number of consecutive days that they were not conducting this screening ranged between 1 to 371 days."

Rear Admiral Stone, what steps are you taking to remedy the deficiencies noted by the General Accounting Office? Is it the result of a lack of screeners, a lack of equipment, or a lack of sufficient funds to place the right number of screeners with the right equipment in the right locations?

Answer. TSA is aggressively working to resolve both the equipment and staffing issues to ensure that we are able to conduct screening of 100 percent of passengers' checked baggage for explosives at all U.S. airports. To that end, we are deploying additional equipment at five major airports and adding more than 1,400 baggage

screeners to those airports where some baggage is screened through alternative methods allowed by law.

During the next several months, TSA will also complete the development and deployment of a state-of-the-art modeling process that will define the staffing requirements, including those associated with baggage screening equipment, for each airport, as well as for the Agency as a whole.

TSA: INJURY AND ILLNESS

*Question.* According to a Department of Labor study, workers at the Transportation Security Administration (TSA) suffered from more injuries and illnesses than employees at any other agency in the Federal Government last year. The TSA suffered more than 5 times as many job related injury and illness events as did their counterparts at other agencies. Nearly 20 percent of the 65,250 TSA employees at the time were hurt or sickened in the workplace last year, compared with only 3.7 percent of workers in the rest of the Federal Government. TSA employees were only 3.3 percent of the Federal workforce at the end of fiscal 2003. But their injuries and illnesses, 12,632 during that period, comprise more than 15 percent of all such incidents among government workers, according to the report.

What are you doing to modify your screener training program to ensure that employees are protected from injuries in the work place? What thought, if any, has been given to using different equipment that might assist workers in screening baggage without the chance of serious injury?

Answer. The Department of Labor reported that TSA had the highest injury and illness rate among Federal agencies in fiscal year 2003, measured by the number of employees injured filing claims with the Office of Worker's Compensation.

About 70 percent of TSA's claims were related to baggage handling, which is very different than the work undertaken by most Federal agencies. TSA has compared its injury and illness rate with the rates found in private sector companies performing closely related activities, such as baggage and parcel handling, and found that the rates for that type of work were similar to TSA's experience.

The high injury rate is partially attributable to the necessarily short time frame in which TSA was required to become operational. TSA's new baggage screening equipment had to be placed in airport space that was not designed to accommodate the equipment. Some operations must be performed in ergonomically unsuitable areas where there is insufficient space to perform safely repetitive baggage handling work. Eighty percent of claims related to baggage handling involved sprains and strains primarily to the back, but also to shoulders, knees and wrists.

TSA is currently working to develop and promulgate a series of safety related training topics as part of the screener recurrent training program. A course on safe lifting techniques has already been fielded. Training media will include video and Web-based training. Specific courses in development include Bloodborne Pathogens Awareness, Hazard Communications, Materials Handling and Lock-out/Tag-out, General Safety, and Slips, Trips, and Falls. Safety Action Teams are being established at every airport and programs are underway to identify and train collateral duty safety and health representatives across the agency. Finally, TSA has initiated a program to conduct hazard assessments at all of its airports in order to identify additional areas where accident prevention actions are necessary.

With the installation at some airports of new integrated baggage conveyor, in-line explosives detection systems, that greatly reduce manual baggage handling, some injury rates are already beginning to fall. In time, TSA anticipates that its efforts to field a comprehensive occupational safety and health program, establish a safety culture, train supervisors and employees, and make baggage handling system changes to minimize lifting, will result in significant improvement in TSA's injury rates.

LETTERS OF INTENT

*Question.* In response to a question during the hearing, you indicated that upwards of 30 airports are seeking letters of intent (LOIs) with you. You also indicated that the Office of Management and Budget had limited the number of LOIs that you are able to enter into to eight. If your analysis of the 30 airports proves the validity of these requests, how much additional funding would be required to fund them?

Answer. While numerous airports have expressed interest in LOI security funding TSA continues to use its LOI criteria, based on achieving and maintaining compliance with the 100 percent electronic screening requirement at all airports, to determine the allocation of resources. TSA is working with airports that will not be able to maintain compliance with the 100 percent electronic screening requirement be-

cause of increased passenger loads, increased and/or additional air carrier service, and/or airport terminal modifications and expansions. The President's Budget for fiscal year 2005 supports previously issued 8 LOIs for 9 airports, and assumes a 75/25 cost share formula as set forth in the Consolidated Appropriations Resolution, 2003. TSA also supports airports that have not received an LOI, but where additional funding for equipment is needed to accommodate increased passenger loads and new air carrier service. TSA continues to evaluate situations where an in-line solution makes sense from the standpoint of security, efficiency, and reduced staffing needs.

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QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

*Question.* The budget request includes $400 million for the purchase and installation of Explosive Detection System (EDS) machines. Letters of Intent (LOI) have been signed with eight airports for the reimbursement of construction costs associated with the integration of the new EDS machines for in-line baggage screening. It is my understanding that the $250 million requested for installation would only cover continued payment of the existing LOIs.

How many airports are on your list for installation, and under the current approach how long would it take to install in-line EDS machines at the remaining airports on your list? What would it cost over the next 4 years to accelerate the program and install in-line EDS machines at all the airports on your list?

Answer. TSA continues to use its LOI criteria, based on achieving and maintaining compliance with the 100 percent electronic screening requirement at all airports, to determine where resources will be allocated. TSA is working with airports that will not be able to maintain compliance with the 100 percent electronic screening requirement because of increased passenger loads, increased and/or additional air carrier service, and/or airport terminal modifications and expansions. The President's Budget for fiscal year 2005 supports previously issued LOIs for 9 airports, and assumes a 75/25 cost share formula as set forth in the Consolidated Appropriations Resolution, 2003. TSA also continues to evaluate situations where an in-line solution makes sense from the standpoint of security, efficiency, and reduced staffing needs.

*Question.* TSA currently operates under a statutory limit of 45,000 full-time equivalent baggage and personnel screening employees. How has this limitation affected your ability to serve the flying public and ensure short wait times? TSA is required by this limitation to hire significant numbers of part-time employees. Has it been difficult to hire and retain part-time employees for these screening positions?

Answer. TSA is managing to keep the workforce under the 45,000 FTE level by creating a more flexible workforce. TSA is better coordinating airline schedules and passenger load with staffing needs, is increasing the proportion of part-time to full-time screeners, and is strategically using its mobile national screener force to meet seasonal fluctuations in workload. TSA now has in excess of 15 percent of its screener workforce as part-time screeners, and TSA expects to have a part-time screener workforce of close to 20 percent by the end of the current fiscal year. Part-time screeners create additional operational flexibility when scheduling screeners to satisfy varying levels of demand. As a result of reducing excess capacity at periods of lower demand, TSA is seeking to make more FTEs available to the system as a whole during peak periods.

While TSA is highly conscious of customer service concerns, the security of the nation's transportation system will always be our top priority. Staffing standards, accordingly, should be determined based on the goal of achieving the appropriate balance between world class security and world class customer service in operating environments unique at each airport. Throughout the workforce transformation process, our screeners have continued to meet world class standards for effectiveness and customer service. They have kept wait time consistent with previous performance across the system, while providing a level of courtesy that received an 86-percent approval rating according to the most recent survey. TSA is proud of the professionalism and dedication that its screeners demonstrate every day in the performance of their duties.

*Question.* Section 1012 of the USA PATRIOT Act requires a background investigation of holders of Commercial Driver's Licenses (CDL) who seek to carry hazardous materials (hazmat). States must provide biographical and criminal history information and fingerprints to TSA on CDL holders seeking a state hazmat endorsement. The deadline for states to comply has been moved from November 3, 2003 to April 1, 2004, and again to December 1. However, to date, the TSA has not provided the states with sufficient guidance, including technical standards for the collection of

fingerprints, to implement fingerprint-based background checks. In addition, no funding has been made available to the states to implement this program.

What steps has TSA taken to implement the requirements of Section 1012 and what is TSA's timeline to provide guidance to the states on the process and standards for fingerprint collection and transmittal of fingerprints to TSA by the states and notification of qualification by TSA back to the states?

Answer. TSA has been working with the FBI to establish the technical standards and processes for the collection and transmission of driver fingerprints. Once these processes are finalized, they will be transmitted to the States. We estimate that these standards and processes will be provided to the States over the course of the next month.

On April 1, 2004, Secretary Ridge sent a letter to each Governor outlining the current status of the Hazmat Truck Driver Program. In that letter, Secretary Ridge asked each Governor to provide TSA a State Point of Contact (POC) for this Program to facilitate communications between TSA and other organizations involved in this process. All fingerprint standards and processes will be provided to the States through their respective POCs.

TSA has also been working with the American Association of Motor Vehicle Administrators (AAMVA) to develop a system for the transmission of biographical data to TSA for use in the security threat assessment process, and the subsequent results notification to the appropriate State and Federal authorities. Initial information related to this initiative has already been provided to the States. Additional information related to this aspect of the program will be provided to the States through their POC.

*Question.* Is funding included in your budget request, or the request of any other agency to help states defray the cost of complying with Section 1012?

Answer. TSA has identified limited funding in fiscal year 2004 to support some of the necessary infrastructure to support the Hazmat Truck Driver Program. However, an effective partnership between the Federal Government, the States and industry is both necessary and is currently being forged to develop and fund start-up solutions on a State-by-State basis. Longer term, the Hazmat Truck Driver Program will be fee based and TSA envisions that fees will support the program in its entirety. We anticipate working with the States and industry to develop the details of a fee rule, which will be published later in CY 2004.

*Question.* When will TSA be ready to accept and process State submitted fingerprints of commercial drivers seeking a hazmat endorsement?

Answer. TSA will be ready to accept and process State submitted fingerprints no later than January 31, 2005 in accordance with the existing final rule. However, we do anticipate a limited number of pilot States beginning to submit fingerprints beginning in fiscal year 2005. Working with these pilot States will allow TSA to apply "lessons learned" during the pilot to systems and processes associated with the submission of fingerprints. We anticipate that this technique will facilitate a much smoother start-up for the vast majority of States.

*Question.* The budget justification submitted by TSA includes detailed information about the numbers and types of items confiscated by TSA employees at airport security checkpoints. In the last year, TSA has intercepted more than 2.8 million prohibited items and arrested 700 people. Can you help me put that in context and tell me how many how many passenger screenings were performed last year? Also, of the 700 arrests, how many convictions have there been?

Answer. TSA performed approximately 500 million passenger screenings last year. TSA's records in the period February, 2002-February, 2004, show that 2,678 individuals were arrested for possessing a prohibited item that was discovered at a passenger screening checkpoint. The majority of arrests were made by State or local law enforcement agencies; only a small number were performed by Federal law enforcement authorities. The Department of Justice, along with State and local prosecuting authorities, are in a better position to ascertain the exact number of convictions.

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## QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

*Question.* The budget for FTE's for full time positions was set at 220 for the Transportation Security Administration's Maritime and Land Division, yet it is my understanding that to date, this Division is only operating with 160.

You have a number of responsibilities, such as conducting criminal background checks, that are languishing. What is taking so long in hiring the remaining 60 Full Time Employee positions that, I understand are budgeted for the Transportation Security Administration's Maritime and Land Division but not yet hired?

Answer. TSA is hiring to the level proposed in the fiscal year 2005 President's Budget.

*Question.* Right now, TSA has absolutely no staffing standards at airports. Wait times vary from nothing to hours, depending upon the airport. On March 9, 2004 the Washington Post said small airport security is no good and that you do not meet the 100 percent screening requirements of the law—yet, classified submissions by TSA continue to tell us that only a handful of airports have problems.

You continue to support a cap on screeners, dooming the process to fail. When will you put in staffing standards that make senses (e.g., a maximum 10 minute wait that Secretary Mineta promised us)?

Answer. TSA is managing to keep the workforce under the 45,000 FTE level by creating a more flexible workforce. TSA is working with air carries and airports to improve coordination of airline schedules and passenger loads with staffing needs, is increasing the proportion of part-time to full-time screeners, and is strategically using its mobile national screener force to meet seasonal fluctuations in workload. TSA expects to have a part-time screener workforce of close to 20 percent by the end of the current fiscal year. Part-time screeners create additional operational flexibility when scheduling screeners to satisfy varying levels of demand. As a result of reducing excess capacity at periods of lower demand, TSA is seeking to make more FTEs available to the system as a whole during peak periods.

Throughout the workforce transformation process, our screeners have continued to meet world class standards for effectiveness and customer service. They have kept wait time consistent with previous performance across the system, while providing a level of courtesy that received an 86-percent approval rating according to the most recent survey. Despite the dynamics in the workload, even during the holiday rush season and the recent Orange Threat Level period, our screeners have provided world class security and world class service for effectiveness, efficiency, and customer satisfaction. TSA is proud of the professionalism and dedication that its screeners demonstrate every day in the performance of their duties.

*Question.* You also committed to putting in explosive detection systems—automated systems in line—when will that job be completed?

Answer. TSA's top priority is security, and consequently, TSA will focus its available funds for EDS at those airports that require additional funding in order to comply with the requirement to conduct screening of all checked baggage using electronic means. Changes to passenger throughputs, terminal modifications, and airport expansions make fulfilling TSA's goal of 100 percent electronic baggage screening a constantly moving target. TSA balances many competing priorities for available funds and will continue to review its priorities to maximize the utilization of the funds available.

*Question.* Airports are seeking long term letters of intent (LOI) from you to fund reconstruction for security projects. You gave out LOI's to 8 or 10 airports, but there are another 20 or so waiting. How much money do you need to get the job done this year? Miami, for example, is rebuilding the entire airport—a $4.8 billion project, that needs $200 million for security systems, but there is no money in your budget to meet that need.

Answer. TSA continues to use its LOI criteria, based on achieving and maintaining compliance with the 100 percent electronic screening requirement at all airports, to determine where resources will be allocated. TSA is working with airports that will not be able to maintain compliance with the 100 percent electronic screening requirement because of increased passenger loads, increased and/or additional air carrier service, and/or airport terminal modifications and expansions. The President's Budget for fiscal year 2005 supports previously issued LOIs for 9 airports, and assumes a 75/25 cost share formula as set forth in the Consolidated Appropriations Resolution, 2003. TSA also continues to evaluate situations where an in-line solution makes sense from the standpoint of security, efficiency, and reduced staffing needs.

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QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

*Question.* A recent GAO study concluded that the Computer-Assisted Passenger Prescreening System, or CAPPS II, is not ready for prime time. According to the report: "The system as it currently exists offers only limited functionality in a simulated environment." I am concerned that the program's weaknesses may limit its effectiveness and it lacks sufficient protections for the civil liberties of ordinary, law-abiding travelers. I am also concerned by reports that the administration plans to force the airlines to hand over passenger data.

Since I understand TSA plans to launch CAPPS II later this year and has requested a total of $60 million in fiscal year 2005 for further development of CAPPS II, I would like to know the following:

How much has been spent by TSA on CAPPS II development in each fiscal year so far?

Answer. Commitments/obligations on CAPPS II development to date (April 26, 2004) are as follows:

[In millions of dollars]

| | |
|---|---|
| Fiscal year 2002 & 2003 | 58.4 |
| Fiscal year 2004 (to date) | 28.1 |
| TOTAL | 86.5 |

*Question.* How exactly does TSA plan to spend the additional $60 million in the fiscal year 2005 budget request should it be appropriated by Congress?

Answer. TSA intends to spend the $60 million in the following manner:

[In millions of dollars]

| | |
|---|---|
| Facilities leases, Utilities and Maintenance | 3.3 |
| IT and Telecommunication | 5.2 |
| Infrastructure support (security, FTEs, etc.) | 10.8 |
| CAPPS II Development and Operations | 40.7 |

*Question.* What is TSA doing to address the shortcomings and vulnerabilities of CAPPS II as described in the GAO study and outlined in the January 14, 2004, letter Senator Feingold and I sent to Secretary Ridge and copied you?

Answer. As indicated in the GAO report itself, the primary problem faced by CAPPS II at the present time is the fact that we have not yet been able to begin testing with actual data. The absence of this data has hindered our ability to answer each of the answers sufficiently for GAO, which uses strict auditing review procedures standards, to certify that program development in those areas is complete. We are confident that each of the points raised in the GAO report will be answered to your satisfaction prior to implementation of the system.

*Question.* According to recent reports, the airline industry has indicated a willingness to participate in CAPPS II, provided that TSA complies with seven privacy principles. Has TSA agreed to these privacy principles? If not, please explain.

Answer. TSA has no disagreement with the seven Passenger Privacy Principles recently released by the Air Transport Association (ATA). The principles are consistent with the Fair Information Principles that TSA used to develop its privacy management program for CAPPS II and the building block for the agency's privacy policies and practices.

*Question.* Presidential Directive 63 called for the creation of private sector Information Sharing and Analysis Centers to protect our critical infrastructures from terrorist attack. At the request of the U.S. Department of Transportation, the Surface Transportation Information Sharing and Analysis Center (ST–ISAC) was formed. The ST–ISAC collects, analyzes, and distributes critical security and threat information from worldwide resources to protect its members' vital information and information technology systems from attack.

Right now this valuable information is only available to paying members of the ST–ISAC. With the TSA seeking an $892 million funding increase for fiscal year 2005, why was funding not included in the TSA request to make the ST–ISAC information available to all public transit operators across the country—especially since most cannot afford new equipment and operators much less afford to subscribe to the ST–ISAC?

Answer. DHS and TSA utilize numerous avenues for distributing and receiving information for the various transportation sectors. TSA's Transportation Security Operations Center (TSOC) receives information from ISACs as well as from multiple other sources. We provide information to the ISACs for distribution to their members since they have established communication methods with their members. Additionally, TSA is committed to establishing effective lines of communication to all stakeholders regardless of their membership with any particular ISAC. TSA is developing contacts lists for all of the non-ISAC stakeholders. As envisioned, all stakeholders would have access to general information. Specific persons would have access to sensitive information, provided they have signed non-disclosure agreements.

*Question.* It has been reported that the Federal Government is spending $4.5 billion on aviation security this year but only $65 million on rail security—even though

5 times more people take trains everyday than planes. The catastrophic Madrid bombings reflect that this reality is fraught with severe risks.

Senator Hollings introduced a bill last week to allot $515 million for risk assessments and security improvements for our Nation's rail system. Unfortunately, he has introduced the bill twice before and it has gone nowhere.

Last year a survey of transit agencies by the American Public Transportation Association (APTA) identified some $6 billion in unmet security needs that remain today.

What is TSA's position on the $6 billion in unmet security needs described by APTA? And what does TSA expect to do to address those needs?

Answer. Ensuring that our nation's transportation systems are secure must be accomplished through effective partnering between appropriate Federal, State, local and private industry entities. DHS is charged with responsibility for working to protect all modes of transportation, but it has consistently held that that this responsibility must be shared with Federal, State, local and private industry partners, many of whom were already in the business of providing security for their particular piece of the transportation puzzle. TSA's main charge, both under ATSA and now as part of the DHS family, is to help coordinate these efforts under the guidance of the Secretary and the Under Secretary for Border and Transportation Security, identifying gaps and working with appropriate partners to ensure that existing security gaps are filled.

Recognizing this, the Department of Homeland Security (DHS) has requested substantial resources in fiscal year 2005 across the agencies within the Department involved with securing transportation modes other than aviation, including resources in the Coast Guard and CBP for ports and maritime security; in Customs and Border Protection (CBP) for cargo security; in Information Analysis and Infrastructure Protection (IAIP) for vulnerability assessments, intelligence, and infrastructure protection for all sectors including transportation; and in Emergency Preparedness & Response (EP&R) for emergency response to only name a few. In addition to working with other DHS components, TSA works closely with our sister Federal agencies outside of DHS to ensure that all government resources are maximized. For example, under the leadership of BTS and DHS, TSA is coordinating key standards-setting efforts in areas such as transit and rail security, and is working closely with modal administrations of the Department of Transportation to help leverage their existing resources and security efforts to accomplish security goals.

Specifically, funds provided for transit and rail security in fiscal year 2003 and fiscal year 2004 total $215 million—$115 for transit security grants under the Urban Area Security Program, and $100 million for upgrades to rail tunnels in the Northeast Corridor.

*Question.* As you may know, law enforcement officials from New England and New York have been national leaders in establishing an initiative for cargo container security called Operation Safe Commerce Northeast (OSC Northeast.) OSC Northeast represents a comprehensive coalition of Federal agencies, State governments, and private sector businesses committed to the concept of enhancing border and international transportation security without impeding free trade and international commerce.

The economy will face a grave disruption should a catastrophic event occur related to international trade corridors. We are very vulnerable along our Northern Border, and the OSC Northeast group would enhance the safety of cargo entering the United States through New England and Canadian ports. Therefore, I believe the TSA should better engage and utilize the resources of OSC Northeast.

In light of administration's budget proposal to cut in half the $58 million Operation Safe Commerce program—citing $28 million in unspent funds already approved by Congress for the program that may be redirected to overspending in other areas of TSA:

Will TSA use some of these funds to expand the program to OSC Northeast since there are no restrictions on aiding just three ports in the second round of appropriations?

Answer. First, it is important to note that TSA's final spend plan submission for fiscal year 2003 included all $58 million earmarked for Operation Safe Commerce. OSC Northeast was eligible to apply for OSC fiscal year 2002–03 funding through any of the three Load Centers, including the Port Authority of New York and New Jersey, but did not do so. OSC Northeast did apply for a port security grant, but its application was not selected. The OSC program is nearing completion. We expect to assess results starting this summer.

*Question.* What steps are TSA taking to incorporate the efforts of OSC Northeast into our national port security strategy?

Answer. The OSC Executive Steering Committee carefully reviewed the OSC Northeast report of November 2002. The review had a significant impact in guiding the current OSC efforts, including examination of security throughout entire supply chains, use of a systematic approach to container security (including multimodal activities), coordination with related initiatives, examination of costs and benefits of the selected solutions and the need for solutions to work for all modes of transportation.

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QUESTION SUBMITTED BY SENATOR HARRY REID

HAZARDOUS MATERIAL TRANSPORTATION FUNDING

*Question.* Admiral Stone, the fiscal year 2004 Homeland Security appropriations law included $7 million for a hazardous material truck tracking program. The University of Nevada, Las Vegas is working with a national leader in truck tracking to establish a national center to track commercial trucks carrying hazardous material and has submitted a proposal to use a portion of this funding. When can we expect to hear about the allocation of the $7 million?

Answer. The Transportation Security Administration (TSA) expects to solicit proposals on a competitive basis for the truck tracking initiative in the summer of 2004. All interested parties will be invited to submit proposals in response to this announcement.

SUBCOMMITTEE RECESS

Senator COCHRAN. Admiral Collins and Admiral Stone, we appreciate very much your cooperation with our subcommittee. Our next hearing on the budget request for the Department of Homeland Security will be held on Tuesday, March 30, in this room, SD–124. At that time, the Commissioner of the Bureau of Customs and Border Protection, Robert Bonner; the Assistant Secretary of the Bureau of Immigration and Customs Enforcement, Michael Garcia; and the Director of the Bureau of Citizenship and Immigration Services, Eduardo Aguirre, will be here to discuss the budget for the programs and activities under their jurisdiction. Until then, the subcommittee stands in recess.

[Whereupon, at 12 noon, Tuesday, March 23, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, March 30.]